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COLLECTION OF REVENUE

AND OTHER FISCAL AFFAIRS

DESCRIBING THE PRINCIPLES GOVERNING THE COLLECTION OF REVENUE; THE COMMERCIAL AND PRIVATE ASPECTS OF THE SUBJECT; ECONOMIC PRINCIPLES INVOLVED; METHODS CONFORMATORY TO BUSINESS REQUIREMENTS AND MORAL PECULIARITIES OBSERVABLE; FUNCTIONS OF INSPECTORS AND TRAVELING AUDITORS; FISCAL AFFAIRS OF AGENTS AND CONDUCTORS; ORGANIZATION AND GOVERNMENT; RULES AND REGULATIONS; FORMS, ETC.

FORMING ONE OF THE SERIES OF VOLUMES COMPRISED IN THE REVISED AND ENLARGED EDITION OF

THE SCIENCE OF RAILWAYS

BY

MARSHALL M. KIRKMAN

EDITION 1907

NEW YORK AND CHICAGO
THE WORLD RAILWAY PUBLISHING COMPANY
1907

C. W. MILLSPAUGH, M.E.,
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J

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INTRODUCTION.

Human nature is the same everywhere among civilized men. Their weaknesses and virtues are alike, as are their methods of accomplishing good and evil. Under like conditions a given number of men who have to do with Fiscal Affairs will go astray; a given number will keep in the straight and narrow path. Those who are responsible for the Collection of Railway Revenue are especially concerned with what the former class will do. The latter occasions them no uneasiness. We know what men will do by what they have done, and what methods will keep them in check by the methods that have kept them in check. This book is, in a measure, a treatise on such matters, as they affect railway revenue. Its object is to suggest safeguards that may be advantageously thrown around the collection and transmission of such revenues. While the mechanical details suggested will not conform to those of many railroads, the principles and methods pointed out are everywhere observed, substantially, where good usages and

authoritative and effective methods are employed.

There are many different ways of keeping the accounts of railroads. Some companies require partial returns daily, some weekly, some monthly. These differences are referred to in the book treating of General Fiscal Affairs. Whatever the differences may be, they do not affect the principles that must be observed in handling the earnings of railways in order to secure due responsibility.

While the principles and methods herein outlined have been found to work effectively in the affairs of railway corporations, I do not the less on that account submit them with hesitation to the consideration of those interested in such matters.

CHAPTER I.

OPPORTUNITIES AND REQUIREMENTS OF THOSE WHO WORK FOR RAILROADS.

A great bishop, when asked if the church had any difficulty in getting ministers to serve it, said that those who now seek employment with railroads and other great corporations would, fifty years ago, have sought entrance to the church or the army or the civil service of the government. Many men of the highest capacity for affairs have no genius for making money, or, if they have, it lies dormant. They would like to possess wealth, but neglect the avenue leading thereto. Their thoughts are elsewhere. If one would make money he must think money; must scheme constantly to acquire it. The officers and employes of railroads are to be numbered among the non-money-making class. This is why they seek employment rather than proprietorship. They have no particular regrets that they are not successful as money makers. This is because we do not miss a luxury until we have possessed it. Moreover, their minds are occupied in building up the fortunes of their employers. These laborers for others are the men the good bishop

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referred to. Napoleon commanded an army of men devoted to his fortunes—talented, enterprising and courageous. Similarly to-day, the great corporations of the world have their armies, but not like his, bent upon the destruction of mankind or the material wealth of the world, but interested as one man in patriotic purposes; in contributing something to the common good; in adding to the comfort, convenience and wealth of the community; in building up mankind. In reference to the rank and file of railroads, the distinctions that exist are quite as marked as those of an imperial army, from the marshal down to the cadet just entering the service. But the lowest in both cases, receives the same respect in his place as the highest; this because the service demands it and because the subaltern of to-day will be the superior of to-morrow.

One man is as necessary to the service of railroads as another, and all alike must be constant, industrious and loyal.

As the good of mankind suggested corporations, so it compels capitalists more and more to concentrate their wealth in such ventures. It is probable that from this growing need men fitted to serve such enterprises will find an increasing rather than a diminishing need for their services in the future.

The servants of railroads, while they work for private employers, must and do consult the public good in everything they do quite as much as the army officer or attache of the civil service.

This grows out of the fact that the relations of the railroads to the people are so interwoven in a material sense and of so public a nature in other respects that the needs and prejudices of the public must be regarded in everything that is done. The officers and employes of railroads study the likes and dislikes of their patrons in all things. Those who frame the tariffs of railroads consult, in addition, the material interests of the public. In this way railway men become adaptative public servants. But this, instead of lessening, adds to their usefulness to their employer. It makes them more alert, quicker to discern his opportunities and the responsibilities which attach to his position. So marked is the attentiveness and courteous forbearance of those who work for railroads that I leave it to the community to judge as between them and those who work for the government, as to which are the more anxious to please; which the more courteous and amiable in their intercourse with the public; which the more obliging; which go the further out of their way to serve the patron. And when they have considered this aspect of the subject they will be able to answer the question, as to whether the public is likely to be better served by corporations operated by governments or by private owners. Governments care little or nothing for individuals, while private corporations are as alert to oblige an individual patron as they are a great community. The fashion of denouncing corporations is mere wind. Nothing new

ever presented itself that did not meet opposition. The breech cloth when it first made its appearance was, without a doubt, similarly denounced as circumscribing the movements of mankind and lessening the liberty of men.

If, then, my anticipations are correct, the opportunities of men to find employment and achieve distinction in railways and other corporations will be greater in the future than in the past. Advancement will not, however, be achieved on the same lines. Other things will intervene. But those who win permanent success must be, in the future as in the past, industrious, talented and faithful to their employers. The man who can do the most and the best work will achieve the greatest success; him the employer will seek out. However, aspirants must be armed with other qualities than those enumerated; qualities in the nature of accessories. A railroad is like a government, and while those who work for it may not be courtiers in exactly the same sense that men are who hover about a throne, they must possess certain faculties in common with them. They must, however, not only be able to please their superiors, but the public as well. This last does not necessarily attach to the aspirants of courts. They must also possess the adaptability which enables men to work with others; to amalgamate their ideas with those about them; also to be courteous, forbearing and generous to their associates. A man who insists upon everybody conforming to his views, no

matter how able or forceful he may be, cannot find a permanent place in the service of corporations. Nevertheless, the tendency of men to grasp everything and to seek to crowd out real and imaginary rivals, is the same to-day that it was in Cæsar's time. But it is modified in the case of railways because of the interest of owners. These last must protect all their servants. So that while they have their agent and allot imperial power, they so circumscribe his authority as to measurably preserve the safety and freedom of the officials about him. If they did not do this, the loyalty and interest of the latter, it is manifest, would quickly be transferred from the owner to the agent. The proprietors of corporations consider their force as a whole, never individually or apart. In no other way could they secure or retain the interest of their servants, and without this the value of their property would be greatly lessened, if not wholly destroyed.

Only men who can sink their personality in that of their employer are fit to work for corporations. In olden times men said to their boys when they entered the counting room, "Make yourself indispensable to your employer." That was well, because the merchant was there to look after his own interests and to prevent his subordinates usurping his prerogatives. But all this is changed in corporate life. The stockholder is absent. He only sees his property through the medium of public exhibits or the reports of servants. He must have safeguards the merchant

does not need, among others, concurrent knowledge and co-operative action upon the part of his representatives so that there shall be no break in the continuous and profitable operation of his property. The interest and fidelity of all must be secured. And because of the necessity of continuity of effort along particular lines in corporate life, the man who seeks to make himself indispensable to his employer is looked upon as a wrecker. Corporations live on forever, while the lives and usefulness of particular men are but as a day long. Railroads built, therefore, upon the personality of particular men decline with the fall of such men. The cases of many great corporations might be cited that have been ruined or greatly crippled to prove this. This form of autocrat is, however, happily becoming extinct. His motto was that of Louis XIV., "After me the flood." When he died the corporation he managed was found to be moribund. The service had been so denuded of able, self-reliant, manly men and the individuality and self-respect of the rank and file had been so crushed and its interest and loyalty so deadened that no part of it could be depended upon to go ahead to perform even the simplest constructive duty. Officers and men alike waited inert for some one to command them. Thus a new autocrat was necessary, but the process of building him up was long and tedious, and while it was going on the decadence of the property was marked and rapid. This because it requires years to become acquainted with

the needs of a great railroad, and when it is necessary to await the acquisition of this knowledge upon the part of a particular man the enterprise suffers accordingly. Because of this danger railroad corporations have been led more and more to place their civil service on an impersonal basis —that basis which allots to each official his duties and responsibilities and respects him in their performance.

In railway service a good education will be a much greater factor hereafter than in the past. Fifty years hence railways will be directed only by men of high educational as well as high executive qualifications. Such men not only bring their own resources but the acquired knowledge of others. It is in this last respect that educated and uneducated men differ. Added to this the latter too often look upon knowledge as a bull looks upon a red rag—as something menacing. In England, where the governing class has been highly educated for many centuries, scholarship is welcomed not less than experience and native talent. Beaconsfield and Gladstone would have been looked upon as literary hacks in the United States. The fact that they were authors of books and wrote for magazines, would have been an insuperable obstacle to their progress in practical life. Amidst environments suited to man's highest development, they became the rulers of the greatest nation that ever existed. That is the tribute culture pays to knowledge. Their literary ability did not qualify them for official position, but

when it was found to supplement executive talent, it was recognized and rewarded as an acquisition. In a new country it would have been despised. The successful railroad man of the future will be, other things being equal, he who has the greatest fund of acquired knowledge. Our universities, it is probable, will some day have a department of transportation, as they now have of law and medicine, where its practices will be illustrated; its principles in all essential things are already summed up in the laws of political economy; for nothing can be more certain than that the true relation of railroads to the people, as it affects the best good of all, works out its ends with inevitable certainty without special intervention.

To be highly successful railway men must be talented, industrious and conscientious servants; and because the service is semi-public, they must possess amiability and tact in dealing with the people; and, in so far as they are required to act harmoniously with others, they must be able to sink their individuality when it clashes too sensibly with that of those about them. Moreover, as they must get on amicably with those above them, who in some cases will be unfriendly, they must also possess diplomacy, the art of agreeable evasion, and with it a courageous understanding. Those who work for railroads, morever, should supplement what they have experienced and seen with what others know. For this last source of information they must go to the only storehouses

there are, namely, the books, periodicals, treatises, addresses, pamphlets, and experience of those fitted to teach.

CHAPTER II.

PRINCIPLES AND METHODS TO BE OBSERVED IN HANDLING THE REVENUE OF RAILWAYS.

The facility and certainty with which the revenue of a company may be collected depend largely upon the character of the agents who handle the receipts. If agents are selected with care, the duty will be comparatively easy. If not chosen with especial reference to their trustworthiness, the responsibility and labor that will devolve upon the officers in charge will be very great.

The conditions most favorable to the easy and sure collection of railway revenue cannot be found in perfection upon any railroad, nor can we ever expect to find them until appointments are governed by the same principles that operate in the case of individual firms, namely, careful investigation into the antecedents of applicants before appointment; retention during good behavior, and promotion as opportunity offers. These conditions we have in a measure. They will be better with time and experience. The railway interest is still in its infancy, and methods of management are consequently somewhat crude. They will continue to improve with greater understanding and appreciation.

Where defalcations are of common occurrence, it is more than probable that known losses are less than the hidden ones. The visible defalcation is the outward demonstration—the tumor that indicates the malady afflicting the patient. The remedy for such a state of affairs does not lie wholly in exacting increased guarantees, but partly in reorganization.

The objective point of railroads is the revenue that accrues from the business transacted. It is for this that proprietors contribute money for the construction of railroads; it is for this they are operated; it is to protect this that men are appointed to fill their offices of trust; it is for this that intelligent safeguards are thrown around the business, and that systems of accounting are introduced. If by any means the revenue of a company is frittered away or lost, the object for which it is operated (from the proprietor's point of view) is not attained. The community also suffers in such event, for the reason that through its patronage it furnishes money to operate and maintain the property, which purpose is not attained.

Under circumstances attending the conduct of a private business, each participant depends largely upon his own experience and observation for protecting himself. Except in a very limited way he does not derive benefit from the experience of others. In the counting room he uses the processes he has observed or that his talent for business suggests. He makes no

permanent record of his conclusions or practices, and when he dies only an imperfect record is left of his methods. His successor takes up the thread not where he left it, but where he began. Thus experiences are acquired and lost.

The successful merchant or manufacturer exemplifies the truth of the survival of the fittest. He pursues his vocation with greater zeal, intelligence and determination than his fellows, and in so doing reaps the margin of profit they fail to gain. He works with his own capital, or with credit, which is the same thing. The methods he employs are his own, and however crude or ill adapted they may be, concern only himself. It is different with the operation of railroads. While the money used in their construction belongs to individuals and is contributed for private ends, the general purposes these properties serve are of a semi-public character. No interest is more closely allied with the public welfare than the railroad interest. Railways are the arteries through which the tide of commerce ebbs and flows, and nothing can clog these channels without embarrassment to the community.

The revenue of railroads is so great, its ramifications extend into so many different channels, it is governed by so many peculiar and exceptional conditions, and is dependent on the fidelity, experience and zeal of so many agents, that those who can suggest more economical, simple or effective methods for collecting and handling the vast sums of money owe it as a duty to do so.

It goes without saying that everyone connected with the operation of railroads is morally and logically bound to use the most effective methods at his disposal. The attainment of this object necessitates study, disinterestedness, wide knowledge of methods and great practical experience. Publicity of methods has this useful purpose, that it serves to familiarize the officers and employes of railroad companies with different systems and appliances.

The collection of railway revenue, from being an uncertain and hazardous process, has, under the methods that have been discovered and applied, become comparatively stable. It is no longer necessary to calculate that a certain percentage of revenue must be lost. The shortages, at one time so frequent in the history of railroads, were the result of bad appointments, lax administration and poor appliances. Defalcations may always be expected to occur under such circumstances. I have observed the collection of railroad revenue under every circumstance, and while the process is difficult and attended by mishaps, it is comparatively free from losses under favorable conditions. I may be pardoned for giving a practical illustration of this here. Many years ago a corporation, with which I was connected as the accounting officer, had suffered from many and grievous defalcations, finally culminating in simultaneous delinquencies, amounting in the aggregate to forty thousand dollars. The executive sent for me, and after expressing his

annoyance and apprehension, asked who was responsible for the collection of the company's receipts. I replied no one, that the treasurer, accounting officer, general traffic agent and manager, exercised a joint supervision, and, finally, that the superintendent, who was responsible for the physical operations of the road, had immediate charge, and reserved the right of exercising his discretion about dismissing those caught stealing the company's money; that the responsibility, in fact, rested upon many different officers, each of whom was personally zealous and intelligent in the exercise of his duty, but each was hampered in his action by conflicting considerations, not the least of which was a proper delicacy in regard to the duties of others; that instances were continually occurring where the officers named were in doubt as to their duties and responsibilities, and hence acted hesitatingly or not at all.

He listened to this explanation, and closed the interview by directing that the accounting officer should thereafter have sole charge of the company's accounts and the collection of its receipts and that officers and agents alike should conform absolutely to the regulations he found it necessary to make. Under the arrangement thus entered into he collected over a thousand millions of dollars of revenue without the loss of a cent. Something of this freedom from loss was attributable to effective methods of collecting, but still more to the integrity of agents. This integrity

was carefully and intelligently fostered (as every virtue should be), and those who exercised it knew that its practice was observed and appreciated.

It thus became apparent that it was possible to collect the revenues of a railroad without loss to the proprietors. Before that it was generally believed that every great corporation must lose more or less each year from unfaithful agents, and this is true where comparatively untried men have charge of the handling of the funds, but in general if common sense governs appointments, and proper authority is given the collecting officer, and he possesses sufficient courage and force and has the co-operation of the executive, defalcations will not be important.

The efficient collection of railway revenue involves an impersonal organization of the force employed at stations. Only capable, and above all faithful, men must be appointed. No method or trick of accounting, no collecting officer, no corps of assistants and inspectors, no matter how capable, can prevent losses, unless fitness is made the test of appointment and retention. One unfaithful agent will require the constant surveillance of an alert inspector to protect a company from danger. This is the expense that corporations must expect to pay for the employment of unfit men if they wish to escape the loss by theft of their money.

To sum up, it is essential to the efficient collection of railway revenue that unfit agents shall

not be appointed, and that if they creep into the service they shall be promptly removed; that experience and intelligence shall characterize the organization of the accounts; that watchfulness shall be exercised to see that the accounts are faithfully carried out; and finally that the officers in charge shall be capable and resolute, and possess needed authority.

The number of men who have to do, directly or indirectly, with the handling of a railway company's money, is much greater than is generally supposed. The number of heads is not great, but there is subordinate to them a large number of clerks, cashiers, ticket sellers, baggage-masters, collectors and assistants who handle cash, and must be taken cognizance of. It is not desirable or practicable to disturb the authority of the head, or relieve him of responsibility for the acts of those under him. Every man, however, who accepts pay from another is directly responsible to his employer, and the fact that he acts under a person higher in the confidence of the owner than himself does not lessen the responsibility. It is less direct in expression, that is all. This fact must be considered in deciding who shall furnish security and who shall not. The burden (if the giving of security is a burden) ought to be proportionate to the position and the wages paid. The mere fact that one employe is called a clerk and another an agent should not relieve the former of accountability to the employer, especially as in rendering that account-

ability he relieves the agent of a burden not properly belonging to him. The pay of cashiers, ticket sellers and collectors is often greater than that of many agents and others of higher rank. It would, consequently, be grossly improper to fail to exact from clerks or cashiers security for their acts, if security is exacted from any.

The practice of exacting security from all has moreover the effect to weed out untrustworthy employes, and in so far as it does this heightens the character and self respect of those who remain.

The source from which men occupying the responsible office of agent upon railroads shall be drawn is one of great interest to them and importance to the companies. The practice indulged in, unavoidably in many instances, during the earlier history of railroads, of picking up men here and there without much, if any, reference to their education, experience or fitness, happily grows less common each year. It is no longer necessary. Such men are not so likely to acquire the habit of performing their duties fully and fitly as those who grow up in the service. They lack habitude and the primary knowledge of business that can only be acquired in subordinate positions.

It is from the ranks of men filling the lower offices, consequently, that agents should be drawn. Here is the natural recruiting ground. In these minor offices the employe acquires knowledge of the minutiæ of the business both from practice and observation. Here, under the

eye of a superior, the habit of handling money faithfully and skillfully is acquired. This habit he carries with him when appointed to an independent position. Upon every railway there are many men of this character. From among them minor agencies should be appointed. Such agencies should be thus filled, just as superior agencies should be filled by men who have occupied minor agencies. Familiarity with business, integrity and promotion will all thus be obtained.

Men are greatly strengthened in the exercise of correct practices by efficient safeguards. They heighten the instinct in man to do right. After a man has occupied for a length of time a position of trust requiring him to handle money, he is not so likely to prove unfaithful. There are exceptions to this rule, but they are comparatively rare; a man is unfortunate, has a weak character, urgently requires the use of money, is infatuated with some woman, or has fallen into bad habits; such conjunctions produce defaulters. The men are not rogues inherently. If we would prevent them from falling, minute, constant and intelligent supervision of their affairs must be exercised.

Men must not only be selected wisely, but must be governed wisely.

In regard to appointments, applicants should be passed upon by the heads of the bureaus interested. In order to do this intelligently, careful inquiries must be made relative to the character and antecedents of the applicant. No exception

can be made, for the reason that every applicant may sooner or later be placed in a position of especial trust. In the event an investigation is not satisfactory, the applicant should be denied employment. After applications have been passed upon by the various bureaus, they may be forwarded to the head of the department for review.

In investigating the character of those to be intrusted with the handling of money, the previous occupation of the person should be considered. It is not reasonable to believe that men, without experience, or principles fixed by habit and association, can appreciate the nature of a trust of this nature as fully as those whose characters have been molded and solidified in the actual conduct of such business.

Except in extreme cases (and these should only be temporary) no one should be appointed to a position where he handles money (unless under the immediate supervision of an experienced person) who has not by age and previous experience acquired personal knowledge of the nature of such a trust. Honesty is largely a habit. Men observe its faithful exercise by others, and gradually acquire the habit themselves as they are called upon from time to time to perform minor offices of trust. Those whose characters are formed in this way generally prove trustworthy, but the process requires time. Where young men, whom neither age, experience nor observation has taught to exercise the office with

fidelity, are appointed to handle money, especial and marked vigilance must be exercised in their supervision.*

A recognition that experience is necessary has induced railway managers, in some instances, to forbid the employment as agents of persons under age. Such a rule will frequently involve injustice, but is, in the main, right and proper, as it excludes those whose habits have not become reasonably well grounded or about whom little is known. There are, however, many cases where a man who has not yet become of legal age having filled such responsible places as ticket seller, collector and cashier, is better qualified and every way more worthy to fill the office of agent than a man much older, who has not had his experience. The rule, therefore, should not be to

* The force of this was especially impressed upon me in the case of a young man eighteen years old, who was appointed to take charge of a station. His familiarity with the telegraph was one of the factors that secured his appointment, though he had the necessary knowledge otherwise to perform the duties of an agent. He conducted the affairs of the station very fairly for a short time, when, suddenly and without any intimation. he took all the money he could get hold of and decamped. When overtaken and brought back he pleaded his youth in extenuation, and it was evident that he had not realized the extent of his crime. He was tempted to take the first dollar he collected. He resisted, but the temptation grew upon him from day to day without his being fairly conscious of the fact. Had he been an older and more experienced man he would have been able to resist, as he had no particular use for the money. If he could have been carried along in a subordinate capacity for a few years, and thus become accustomed to the exercise of offices of trust of a minor character, he would very likely have made a trustworthy man.

exclude men because they are young, but to put only those in responsible places whose previous experience has been such as in a measure to fit them for the performance of their duties. If a fixed age is to be established, under which men will not be appointed as agents, probably twenty-one years is low enough.

It will frequently occur in the operations of business, that men possessing necessary qualifications cannot be procured. In such cases recourse should be had to those who have been in the service and about whose character something is known, even though additional expense is incurred thereby. Such a course will prove economical in the long run.*

* I have seen this illustrated many times. In one instance a young lad of unusual promise, but without previous experience in filling responsible positions, was appointed agent. For a time he did very well, but soon the remittances became less frequent and grew smaller without any known reason. Finally they ceased entirely. Upon investigation the fact was elicited that he had launched into every species of vice that money suggests. He had even gone to the length of giving away tickets of the company, and in many instances had sold them at ridiculously low rates to his friends. He was not an especially vicious or weak lad, but the sudden possession of money and power, without previous experience, simply made him mad. I remember another instance where a young man nineteen years old, who was appointed to an agency under similar circumstances, retained every dollar he collected from the minute he was installed, and when called upon made all sorts of excuses, and upon being pressed for the amount, attempted to run away. If these young men had first been employed in some minor office of responsibility where they would have been under the supervision of experienced officials, it is possible they would have made men who would have filled the office of agent without scandal to the service or discredit to themselves.

Where defalcations are of frequent occurrence, the known amount involved, as already remarked, forms more than likely only a small part of the losses that are hidden. The peculiar nature of a railroad company's business, the extended territory over which it is scattered and the opportunity it offers unfaithful men, will, it is certain, be taken advantage of wherever a service is demoralized through imperfect organization or lax administration. If a company is to receive the full fruition of its enterprise, the *esprit de corps* of the service must be maintained. Freedom from loss is to be sought in preventing irregularities. Where the service of a company has been allowed to become demoralized, the protection afforded it by the security offered by guarantee companies is only partial. They may make good known deficiencies, but the subtle hidden losses that sap the resources and destroy the vitality of the organization they do not and could not make good even if the amount were determinable. The security offered by bondsmen and guarantee companies is necessary and valuable in its way as an auxiliary support, but if a company expects to escape losses it must supplement the protection thus afforded by careful selection of agents, thoughtful regard for their interests, approved methods of accounting, and a wise, constant and firm supervision over their acts. The agent must be taught to take pride in a good character and educated to believe that want of honesty and loyalty toward the company employing him is deplorable.

The collecting officer of a railroad is largely dependent upon his assistants, and in their selection and government he will display the measure of his fitness. Having instituted his method of accounting with such wisdom and experience as he has, its efficiency will be dependent upon the supervision exercised.

An object I have in writing this book, and the main one, is to explain the salient features connected with the efficient collection of corporate receipts, to describe generally the duties of employes in connection therewith and to explain the action that should be taken in emergencies. These things are especially important, for the reason that men are constantly being changed, and if definite directions are not provided, more or less diversity will quickly creep into a service. This, while it may not be fatal, will, nevertheless, greatly weaken its efficiency.*

In order to preserve proper discipline in the operations of the financial department of railroads, orders given at particular times and covering specific things must afterward be reiterated in exactly the same terms, conditions and methods being the same. When a department is governed by traditions and verbal understandings, demoralization more or less marked is unavoidable, and conflict of authority is a matter of common occurrence. It was a practical realization of this that suggested this book. The rules,

* This book, it is proper to say, was written in great part originally for private use.

regulations, directions, observances, hints and experiences it contains were written with a direct view to their practical value. They describe theories and practices attending the collection and handling of corporate funds, and may be used as a manual, to be followed literally. They are general in their scope and apply to one system as well as another.

CHAPTER III.

FAITHFUL HANDLING OF MONEY.

This chapter is intended to explain some of the more important principles that govern the handling of the traffic of railroads, in so far as they concern the accounts of agents. To explain the theory of the business, in fact, and the subtleties that underlie its various phases, so that those identified with railroads may look at the subject from a common standpoint and thus be able to co-operate with each other upon a uniform basis. It is also intended to explain incidentally some of the more important interests that the petty details of business involve and upon which grave financial and moral interests depend.

Railway affairs have two phases, mechanical and speculative. Railway men who have to deal only with the practical are prone to look at one phase of the subject only. To them a spade is a spade, and nothing more. Its association with the grave digger or the railway contractor does not clothe it with new suggestions, nor surround it with speculative fancies. They look upon the selling of tickets as being as much of a mechanical matter as the stamping of them, while as a matter of fact the relation the former sustains to the public makes it necessary to carefully study and

arrange every detail. So it is with the handling of freight, the manipulation of baggage and all the other affairs of railroads where the public comes in contact with the machinery of the carrier. Moreover, it is necessary for officials of all classes, in order to comprehend the value of particular things, to understand them apart and in the relation they sustain to other interests. If we would secure the highest efficiency in a department, it is necessary that every subordinate should be able to view its affairs from the standpoint of the responsible head. When they are able to do this they can act with greater unanimity, and accomplish results not attainable if such co-operative intelligence is wanting. This purpose I seek to achieve.

The intentions of men must be scrutinized. It is not enough that an act is criminal or seems superficially to be so. Where a great number of men is employed, and differences of temperament and understanding exist, as is the case on a railway, surprising misapprehensions will be found as to what is proper or otherwise. For instance, it would hardly be supposed that a capable agent could convince himself that he might with propriety cash time certificates and vouchers issued by his employer with his own personal funds and charge a commission therefor; yet such things have occurred and will occur again, not generally, but in special instances. An upright man would hardly do such a thing if he supposed it

was going to bring discredit upon his employer and himself. That is apparent. Personal interest clouds the understanding of men, and too often renders them incapable of judging nprejudicedly of acts that under other conditions they would quickly interpret. It is not wise, perhaps, to place undue faith in the good intention of those whose acts belie such expression, nor is it wise to hastily place too severe a construction upon such acts. In matters of bookkeeping every account is presumably wrong until it is proven to be right; but in all things that affect the character and standing of men, it is a maxim that every man shall be considered honest until proven to be otherwise.

It is the duty of the inspectors or traveling auditors of railroad companies to report any unauthorized or irregular practices indulged in at stations. This does not refer to acts wrong in themselves but committed in good faith, believing them to be right; but to sins of intention, of neglect, of omission and commission; everything of a culpable nature; acts that disqualify persons for the exercise of offices of trust, such as collusion, using the employer's funds, falsifying accounts, cheating patrons of the company or terrorizing them in any way; in fact, all acts of a willful nature that are harmful to a company or likely to bring it into disrepute.

The business of many stations does not warrant the employment of skilled accountants. In many

cases the labor is greater than the agent can perform and at the same time observe all the technical requirements of the service. It is unavoidable that much of the work at stations should be done in a manner that a skilled accountant would term rude. Shortcomings of this kind must not, however, be criticised too severely. Intention is to be considered, and the widest possible distinction made between errors and omissions that result from inexperience or lack of education and those resulting from carelessness, neglect or design. Those disposed to do right, no matter how far short they may come of reaching that standard, must be treated with the greatest gentleness and consideration. In the majority of cases, if properly instructed, they can be made in time to perform their duties satisfactorily. On the other hand, the indifferent and vicious, who would make a pack mule of the company, should be treated according to their deserts. The traveling auditor is the good genius of those who are well intentioned, but lacking in facility, either through ignorance or inexperience. He visits them from time to time, and balances their accounts and puts their affairs in shape. He will find much to vex him in these visits. The instructions that he has previously given will only be partially fulfilled; many new cases of complaint will have arisen; little or no progress will seemingly have been made. He must, however, accept these disagreeable experiences good naturedly, and endeavor, by what he

says and the way he says it, to stimulate the employe's ambition to do better.

In matters relating to accounts nothing is to be accepted as right until it is proven to be so. There can be no supposition about it. Nothing can be assumed. Every calculation, quantity, rate, extension and amount must be gone over a second time, and, if possible, by a second person. All returns must be systematically examined at headquarters. Wherever errors or omissions are discovered, notice must be sent to all affected thereby. These notices must not be accepted as right, however, by those who receive them until they are proven to be so. The absolute correctness of every account or statement is capable of demonstration if proper patience and skill are exercised. In the case of railroads, the results involved are so momentous that there can be no conceivable circumstance where an officer or employe will be justified in assuming that an account rendered him or by him is right without investigating to see whether it is so or not. Every statement or account received from an officer should be critically examined by the person receiving it. In the same way every statement rendered an officer should be subjected to the most careful and intelligent scrutiny by him. In this way accuracy is gained, responsibility secured, and the *esprit de corps* of the service maintained. Without such general and systematic

examinations, objectionable practices will quickly creep into a service. When an error is discovered, no matter what its nature, it should be righted forthwith. It is not a thing to reflect over or speculate upon, but a service to be performed instantly, and should be so thorough as to reach all the various books, papers, statements and returns affected. In all cases of doubt, reference should be made to some authoritative source. The making of corrections, like the giving of advice, may be well meant and yet mistaken. Good judgment must therefore be exercised. It is very important, in order to preserve harmony and continuity of accounts, that care should be exercised in making corrections to follow them through all the books and papers affected, making the changes and explanations in every case so clear and full that there can never be any subsequent doubt about the matter. There is nothing that costs so little as ink and words, and an accountant who attempts to economize either in writing up his books or in correcting the same makes a mistake discreditable to himself and fraught with danger to his employer.

The disposition is strong, when anything goes wrong, to assume that it is something in which the whole community participates. Railway officials are prone to take this view of matters. When anything transpires that does not meet their views, the impulse is strong upon them to correct

it by a general order, issued broadcast. This habit, when wisely restricted, is good, but when unduly indulged in, is harmful. Moreover, a general order should never be issued except in those cases where its observance is assured. To issue it under other circumstances is to encourage insubordination.

No fault of a local nature should be generally considered. Personal sins must receive special attention if the wrong is to be corrected and the person in fault benefited. It is largely in consequence of the disposition to visit the sins of the unjust upon the just, that many otherwise good agents are inclined to view with languor, if not with indifference, the innumerable orders that are sent them from time to time. Neglect to observe them is hardly considered an offense. The order is glanced over and put away, quite likely mislaid, and is thus lost or forgotten. This is especially the case in regard to circulars. The number of circular letters of instruction that the average agent receives is prodigious, and however zealous he may be at the start to execute the slightest wish of his employer, his zeal is too often dulled by frequent and unnecessary calls upon it.

In view of the indifference (not to be too severely condemned) that often attends the reception, custody and execution of circulars and letters of instruction, it becomes necessary to adopt orderly and effective measures to secure their observance and preservation. The constant

changes of staff that occur at stations renders this especially important. These circulars and letters in cases of new agents not only afford needed instruction but are matters of historical interest and afford required information of a general and special character. Books should, therefore, be kept at every station in which circulars should be fastened in the order of their receipt. It should be the duty of traveling auditors to see that this work is thoroughly and systematically carried out; also, that the station force is familiar with the circulars and instructions. All changes and orders in regard to tariffs should be attached to and become a part of the tariffs proper, so that in studying the latter they will not be overlooked; such notices can hardly be classed as circulars. All circulars proper, however, whether printed or otherwise, including letters of instruction, of a general nature or explanatory of methods of business or accounting, should be filed in a record book for preservation and used when required.

The books and papers of a company are valuable for various reasons and serve various purposes. In the first place they present a classified and accurate record of business, written in the order in which it occurs and in a manner easily understood. They are necessary to the agent to enable him to write up his accounts, and afford, moreover, evidence of the reliability or otherwise

of his acts. In the event any question comes up in reference to business or methods pursued, the records afford the information required. Records of goods transported, and the acknowledgments of the delivery of property, are especially valuable, and should be preserved with scrupulous care until all inquiry in relation to the business they cover has ceased and until claims for damages have become outlawed. The cash book and the record of overcharges are also especially important. The ticket and baggage books, records of drafts, details of cars handled, copies of returns, evidences of remittances and other statements and records are all in their turn of particular value and their preservation important and necessary. All completed records, books, papers, statements and accounts should be filed away where they will be secure from molestation or harm and yet easy of access. When they are no longer of use inspectors or traveling auditors should make such disposition of them as is proper. In no case should they be sold or otherwise disposed of except under the direction of a proper officer.

Accountants have innumerable methods of arriving at the same result. Each system has its accoucheur, nurses, sponsors and advocates. All of them are good. Men adapt themselves easily to forms, no matter how grotesque. A particular device executed under the eye of one man, however, accomplishes good results, but when directed

by another fails utterly. Success is dependent upon the measure of capacity. When, therefore, we hear that a particular system has succeeded we turn our attention first to the official, afterward to the method. If the former is all that he should be the latter will somehow succeed, no matter how inadequate or absurd it may be.

The time and manner of sending traffic returns, instituted by different railway companies, illustrate the prolixity of forms I refer to. There are daily, semi-weekly, weekly, semi-monthly and monthly; upon one road the bulk of the work will be performed at the stations; upon another it will be transferred to the general office. The advocates of each method are tenacious; each is unable to absorb the idea of the other, or see wherein it is valuable. Possible weak points, however, they will not be slow to observe. This is unfortunate, for each method has, as a rule, many excellent qualities that might be profitably engrafted upon the other.*

Forms and records depend largely on the amount of business done. This is especially so at stations. Thus, where business is so small as not to justify the expense of a copying press with its attendant paraphernalia, copies of returns are entered in books provided for the purpose. This is illustrated in regard to abstracts of way bills. If a station has a copying press, all that is needed

*This subject is fully discussed in another volume.

is to take an impression of the abstracts. If, however, there is no copying press, the details must be written in the record. Where the volume of business is comparatively heavy, the abstract book is required to be written up daily; in other cases it may be done at the close of the account. The necessity for freight abstracts or abstract books is not, however, everywhere admitted. The returns of agents, it is claimed, may be written up entirely at the general office, and results determined without asking the agent to make abstracts of traffic forwarded or received by him. Abstracts, when made by agents, should be carefully examined at headquarters, as they serve to confirm the accuracy of results.*

When abstracts are waived and the work is performed wholly at headquarters the labor at the latter place is greatly increased. When made at stations the work may be performed from day to day when the force is not otherwise engaged. The system requiring agents to make abstracts of their business is effective and has many advocates. The abstracts thus made are examined in detail at headquarters, but need not be written up again. There is consequently no duplication of work. The utmost care is required to be exercised in compiling abstracts and returns of traffic. The results derived from them

*The method of treating the returns of agents and others upon their receipt at headquarters is described in another volume.

determine the balances for or against agents, and any inaccuracy benefits the agent or *vice versa*.

To secure satisfactory results, methods of accounting in great institutions must be adjusted with the utmost nicety. The importance of the various parts are not the same, but no one of them can be omitted, or perverted, without injury. A perfect organization has never been effected upon a railway. The accounting officer is, from various causes, prevented from realizing the full fruition of his hopes. One of the greatest obstacles is the inertia of inexperienced men that has to be overcome. Such men infest the service like ants, and the horizon which they overlook is not greater than that of their prototype. Yet the very contractedness of their vision makes them confident in suggestion and fearless in execution. Unable to see more than a fragment of a subject, their action is characteristic.

Inability to comprehend the value of forms necessary in the operation of railroads is clearly evinced by the class of people just referred to in its estimate of the freight way bill and the checks that should surround its use. This important blank is as useful as a bank note or draft. But in order to insure fidelity in its use it is necessary that certain things should be observed, just as they are observed in connection with a note or

draft. Important among these are the securing of its preservation; the recording of it upon the books and in the returns; also the insuring of its correctness. Of these the preservation and return of the way bill are vital.

It is not necessary to say that the way bill will be suppressed, or that it is sometimes suppressed by parties who gain thereby. It is enough to say that where proper precautions are not observed there is no reason why it cannot be suppressed. All that is necessary, in many cases, is the co-operation of two men. Suppression, when it occurs, means the destruction of an evidence of indebtedness against an employe. The loss is supplemented by demoralization of the service.

The way bill exhibits the details of each consignment; the particulars connected with its carriage. It is the carrier's note of hand against the agent who collects the earnings, and unless its safety is assured all other methods of accounting, connected with the freight business, are incomplete. To secure this result it is desirable that each loaded car should be accompanied by a way bill, numbered and dated, and containing a correct list of the property in the car, the quantity thereof, to whom consigned, the rate charged, the earnings and the amount of advances made.

The way bill passes from the agent making it into the hands of the conductor. Before it reaches its destination it has, in the majority of cases, been seen and handled by many people unknown to each other, and between whom

concert of action, for improper purposes, is extremely difficult. Any one of these people may make a record of the bill and contents of the car for the information and use of the accounting department. Thus a safeguard may be thrown around the business. The consciousness that it is so tends to prevent any effort to suppress a bill. The risk is too great. Thus the good faith of the parties making and receiving a bill is in a measure assured. In no other way can a safeguard be attained. But the way bill or an equivalent must in each instance accompany the freight. This provision, so necessary to insure trustworthy accounting, is, however, habitually disregarded. Various excuses are given for the omission. The one most generally made is that there is not sufficient time in which to make a bill before the loaded car is hauled out of the yard and sent on its way. A way bill may, in the majority of cases, be made during the time the goods are being examined, weighed and loaded; each consignment may be billed as it is loaded. It is not necessary to wait until the car is full. The trouble is that the way bill, as a rule, is not commenced until the car is loaded. The work should progress item by item as the property is placed in the vehicle. To render this practicable, a shipping ticket may be required with each consignment, upon which the warehousemen may enter the weight of each class of goods as they are loaded. He may also enter thereon notations as to condition or other

particulars that affect the charge or the responsibility of the carrier. As soon as a consignment is loaded the shipping ticket can be handed to the billing clerk. Thus the loading and clerical work will progress hand in hand.* If some such simple method were observed, the excuse that a way bill cannot be sent forward with the car without delaying the shipment would not possess the great importance it now does. The reason, too often, that the way bill cannot go forward with the car, is not that there is insufficient time, but that it is not insisted upon or proper administrative methods are not provided. The difficulty is exaggerated by the disposition to hold on to old forms. Among others the so-called tally book, in which consignments are entered as they are received at the warehouse door, is retained. The check clerk keeps possession of this record until the car is loaded and it is not, consequently, accessible to the bill clerk until late.

Formerly every way bill clerk was expected to familiarize himself with the classification and rates. He extended the charges at the same time that he made the entry on the bill. Now the clerk in charge of the loading of freight in many cases does the classifying and experts are employed whose sole duty it is to enter the rates on the way bill.

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* Where shipping tickets are used they should be consecutively numbered, and after being used by the bill clerk should be collected and bound for preservation. They thus become a consecutive record, quite as valuable as the blotter.

It may be that the results sought to be achieved by the use of shipping tickets may be impracticable in some cases or can be obtained more effectively in other ways. The form is not material; the object is everything. What is needed is some method whereby a properly numbered bill or substitute therefor may be sent forward with the car without detention to the latter. There is no insurmountable obstacle in the way. It is simply a question of ways and means, and need not necessarily involve additional expense.

One obstacle in the way of the simultaneous making of the way bill with the loading of the freight is the distance the bill clerk usually is from the car. The time lost in sending the books back and forth is too valuable to be wasted. This fault will be remedied as business increases and the necessity of rapid and harmonious action between the different parts of the machine becomes necessary. The bill clerk and the tally clerk may be brought together and the work in all its parts carried forward simultaneously.

Instances will arise where car loads, or even train loads, of freight will be delivered at one time by connecting lines, to be forwarded without reloading. In such cases no previous knowledge can exist in reference to the property, and no bill can, consequently, be prepared. To hold the goods until bills can be made would in many cases cause detention. Instances of this kind, while exceptional, will occur. The remedy will be to have the freight billed through by the

delivering company, or, by co-operation between the lines, adopt such form of transfer statements as will permit the company receiving the property to use it as a way bill. The best way, however, is to have the freight billed through.

Under the most favorable circumstances there will be cases where it will not be practicable to send with the car a way bill of the usual form containing full particulars of the property and the charges thereon, without delaying the freight. For such cases a substitute should be provided. This substitute should, however, be a permanent record, easily identified, and should recite the particulars of the car it refers to. A blank of this kind is provided and fully described in another volume devoted to freight matters. It is at once simple and effective and is called a loaded car ticket.

The methods I have suggested for meeting the difficulties connected with the billing of freight are, perhaps, not the best. Others more effective will very likely in course of time be devised. But they are practicable, and in the absence of something better, afford a solution of a difficulty that impairs the system of railway accounts, and threatens the revenues of carriers.

The one essential thing is that a regularly numbered way bill, or an effective substitute therefor, should be forwarded with each car. The way bill or substitute must be ready in time to prevent delay. It must be numbered and a permanent record of it must be kept at the forward-

ing point. The practice of sending what is termed a memorandum way bill (i. e., a way bill that is not numbered and does not contain a description of the property and amount of charges) with the freight—the way bill following later by passenger train—should not be permitted under any circumstances.

The return made by the conductor of the number of each car in his train containing freight, and the record that he may make of its contents and of the way bill, or that may be made by any one of the many persons through whose hands the car passes en route, will serve, as already pointed out, to prevent the way bill being tampered with or suppressed.

When a way bill reaches its destination, it should be at once entered on the proper records, and when the goods are delivered to the consignee a receipt taken in the place provided therefor. Thus, a record of the way bill at the starting point, in the hands of the conductor, and at destination, with glimpses of it as it passes through the hands of yardmasters, transfer agents, clerks and others en route, is secured.

The theory accepted and acted upon by many that the check of one agent upon another is sufficient, is absurd. The fact that only one way bill or ten way bills are reported by an agent, as received from a particular station, is not conclusive evidence that others have not been received unless proper measures have been taken to demonstrate the fact. The most important safeguard

that can be devised in connection with the preservation and return of the way bill is a statement from the conductor of the cars hauled in his train, and the way bills (or substitutes) accompanying the same. This return, however, is not always practicable. It involves considerable expense. But if not carried out in every instance, it may be enforced at infrequent periods. Or similar reports may be exacted from yardmasters, transfer agents and others as to cars passing through their hands. These tests will serve to demonstrate whether way bills for freight are duly returned by agents or not, also whether the way bill contains a correct account of the property and the charges thereon.*

In those cases where the way bill is forwarded apart from the freight (the car being accompanied by a loaded car ticket, as suggested) the former will, if sent by passenger train, often reach the receiving station ahead of the freight. This is an advantage. The receipt of the way bill before the goods will enable the agent to make the necessary receipts (freight bills) and records in anticipation, so that on the arrival of the property it can be delivered much earlier than would otherwise be possible. This gain in time and facility is of benefit, and, in some

* In this connection it is proper to say that agents and other subordinate officials are not responsible for the condition of affairs that permits the forwarding of a car without a way bill. As a rule, they use to the best advantage the implements that are provided them. If these implements are inadequate or defective, they are not to blame.

cases, a saving in expense to the carrier. It affords the receiving agent abundance of leisure in which to perform the clerical work incident to the receipt and delivery of freight, and in many cases at a time when he would otherwise be comparatively idle. He can thus utilize his force to the best advantage. It is a matter of great importance at large towns where time is a consideration and facilities must be utilized to the utmost. At smaller places it is of less consequence.

Where the practice is observed of writing the accounts ahead of the arrival of goods, especial care must be exercised in correcting apparent errors or omissions. In some cases agents are not allowed to act until the freight is received. This is wrong. Where bills are received ahead of freight they should anticipate its arrival in the manner described, and thus secure to the carrier and to consignees the benefits arising therefrom.

In order to prevent the suppression of way bills and otherwise verify the accuracy of returns traveling auditors should, as opportunity occurs, make careful record at intermediate points of way bills accompanying cars loaded with freight. Afterward these records should be compared with the returns made by agents. Such tests should also be made of loaded car tickets and other devices or substitutes for way bills. Full particulars should be given by traveling auditors, and if possible the contents of the car examined by

them for the purpose of ascertaining its character. The information they obtain should be at once communicated to the proper accounting officer, to be by him compared with the returns of agents. Whenever expedient returns of cars passing particular points may be similarly reported by local officials. These returns should show what the cars contain, where from, where to, date and number of way bill, and, in the case of regular way bills, the amount of the charges; also whether the contents of the car apparently agree with the way bill. Reports of this kind may also be exacted at pleasure from conductors for property hauled in their trains. If returns of this kind are occasionally exacted, and afterward compared with those made by agents, it will serve to prevent suppression of accounts, or make known the fact in the event such practice is indulged in. However, the most thorough way is to exact returns from conductors of way bills and the contents of cars. Such returns, if compared at headquarters with those made by agents, will (if supplemented by reports from other employes, who have access to the way bills) throw around the business a perfect safeguard. But this system is cumbersome and expensive, and the same results may, in a measure, be achieved if traveling auditors will exercise vigilance and tact in procuring information and the accounting officer skill afterward in applying it. The opportunity afforded for acquiring information from freight conductors and others is very great. This

information may be supplemented by returns from agents or yardmen at transfer and other intermediate points. In this manner the same results are, in a measure, achieved that would be accomplished by a continuous and elaborate system of returns from conductors of every way bill they handle. When practicable, however, the accounting officer should exact returns in reference to way bills from conductors. They should be supplemented by returns from employes at switching yards, junctions and transfer points. With such a system the suppression of a way bill will be practically impossible.

When a way bill reaches its destination it should be carefully examined for the purpose of ascertaining whether it is right in all respects, especially as regards quantity, condition, classification, rate, charges and footings. This examination must be intelligent and searching. Agents and their assistants in consequence of the complicated nature of the work, and the frequent changes that are made, are often lacking in knowledge of the rules of billing, the application of classifications, and the proper use of rates. In consequence of this it is necessary that traveling auditors should possess a practical as well as a theoretical knowledge of such matters, so that they may be able, so far as opportunity permits, to explain the classifications, tariffs, rates and

methods of handling business. But as it will be impossible for them to familiarize the agent with every detail, they must explain the matter generally, so that he will know how to apply the rules and regulations governing business. The necessity of the agent studying the classifications and tariffs so as to be familiar with their minutest requirements must be insisted upon in every instance. Without such knowledge the interests of a company are constantly jeopardized. This fact is so well understood that it first suggested the practice of examining the classifications, rates, extensions and footings of way bills at the headquarters of railroad companies. To enable this examination to be made without delay, the official at headquarters requires the forwarding agent to send him by the first passenger train a duplicate of each way bill that he makes. Where a copying press is used a tissue impression of the bill is all that is required. Upon some roads duplicates are not asked, but the receiving agent, as soon as he has examined and recorded a way bill, sends it to headquarters, where the necessary investigation is made. Where the last named practice is observed, duplicates will perhaps be required in the case of way bills destined to points on other roads. Many companies do not pretend to make any examination at headquarters of way bills for freight.

There are so many reasons why an examination of way bills should be made at headquarters that it is not possible to enumerate them. In

the first place, classifications, tariffs and particulars of billing are so complicated that much time and skill are required to instruct agents. The traveling auditor, whose visits at stations are few and far between, and necessarily short, cannot do more than outline the work. Technicalities, upon which immense differences in earnings hinge, cannot be even hinted at. Moreover, new agents are all the time being installed, many of them lacking in practical experience; their knowledge of the peculiarities of the station to which they are appointed is meager and in all cases superficial. They are oftentimes not qualified to make a way bill of the simplest description. It is possible that a bill, if going to a station where there is an experienced agent, may be properly examined and corrected if wrong. But suppose that both the forwarding and receiving agents are inexperienced. In such an event the error would be overlooked and would thus, perhaps, form a precedent. It is only by examination at headquarters that mistakes of this kind can be remedied. Where examinations are thus made they compel the receiving agent to exercise constant vigilance in correcting errors, for the reason that undercharges not detected by him will be discovered by the examining officer and the receiving agent required to make the amount good. He is thus forced to be efficient. In the event examinations are not made, it is hardly to be supposed that undercharges will in every case be discovered and corrected by the

receiving agent; direct incentive will be wanting and much labor will be saved by neglect of duty. This neglect will never be known, as shippers will not report errors that inure to their advantage. On the other hand, we may be certain they will report those that operate against them.

Examinations of way bills must be continuous, not only to keep agents advised, but that the examiner may himself be posted. The freight traffic of a railroad is like a thread that must be followed continuously if we would keep ourselves informed of its details and the countless changes that follow without a moment's cessation from one year's end to another. If the thread is lost or broken we can never feel certain that some necessary detail has not meanwhile been overlooked or forgotten.

One useful purpose served by examination of way bills is to prevent errors in footings. To be sure, such errors might inure to the benefit of a company. But they may inure to the benefit of the agent. In the former case there would be a direct personal incentive to correct the mistake; this incentive would be lacking in the latter case.

Neglect to examine way bills at headquarters multiplies greatly the number of overcharges to be refunded by vouchers or otherwise. These swell the work of the claim department and serve to harass shippers, who are naturally impatient of errors of this kind. A suggestive thing, too, is that for every overcharge a carrier is called upon

to refund he may be certain, according to the law of averages, that there has, in the case of other shipments, been an undercharge (involving a direct loss to him) that will never be corrected.

Neglect of carriers to examine extensions of way bills at headquarters is based upon the theory that, in the event the person making the bill errs, the mistake will be discovered and corrected by the receiving agent; but if the latter is ignorant, incompetent or neglectful, the theory falls to the ground, and we may be certain, from the innumerable changes that are occurring, that this conjunction of circumstances will be of frequent occurrence. It presumes, moreover, that work will be voluntarily performed that may just as well be avoided. It also overlooks the fact that local officials are often inveigled into construing tariffs in the interests of shippers, to the detriment of the carrier, without their—the local officials—being conscious of the fact. In racing vernacular, it is the company against the field. Still other reasons might be given, if necessary, why carriers should examine the details of every way bill, with as little delay as possible. No possible expense attending such labor can warrant its neglect for an instant.

There are many services performed by railroad companies, in connection with the handling of traffic, that are not covered by the printed schedule of rates. These services are incidental

to the transportation of property, but not common to it. When they occur, therefore, they constitute an instance, a special charge. These charges form what is termed "Miscellaneous collections." Many of them are wholly dependent upon the watchfulness and fidelity of the agent and his assistants. If overlooked or knowingly omitted, the neglect will never, it is quite likely, come to the knowledge of the company. If, for instance, it is proper to exact a fee for switching a car, or a charge should be made for car service, trans-shipment, loading, unloading, cooperage, watering or other attention to live stock, and the same should be omitted, shippers escape payment of dues to which the company is rightfully entitled without, in a majority of cases, the fact ever being known by the carrier. All of these charges are proper in their place, but wide discretion or trust is unavoidably reposed in the agent. If he is watchful and conscientious they are enforced whenever circumstances permit. If he is inattentive or neglectful, the contrary is the case. The fact that this large discretion is permitted should stimulate him to exert himself to the utmost. If he is in doubt as to the propriety of making a charge, he should refer the matter to the proper officer.

Every company loses more or less from neglect to enforce the collection of miscellaneous charges. Whether this loss is occasioned by neglect or otherwise, it is the duty of the traveling auditor to determine. Careful investigation should be

made by him to this end. It does not, perhaps, fall within the province of his office to determine arbitrarily when such charges are proper and when not, but it is his duty to note all seeming omissions and report the same to his superior officer for investigation.

The enforcement of the charges and fees that come under the head of miscellaneous collections have always been looked upon with disfavor by the public. It may recognize them as abstractly right, but as wrong in practice. It seeks, therefore, to evade them in every way. In consequence of this employes are subjected to unusual pressure, and in many cases may gain greatly in personal popularity by neglecting their duty. These facts must be remembered, and every effort made to strengthen their hands and build up their interest and zeal.

One of the most difficult things in connection with railway accounts has been to devise a method that would enforce the collection of and accounting for charges for extra baggage, loading, unloading, storing, switching, car service and similar things. The practice of making extra baggage charges payable at destination, and many other devices, have this object in view. The introduction of unpaid and prepaid columns for miscellaneous charges in the freight way bill is designed to secure a better check on collections for loading, unloading, switching, car service, storage and kindred items incidental to the

transportation of freight and live stock. No particular trouble has been experienced in securing faithful accounting for unpaid and prepaid freight charges. The reason is that the shipper or consignee holds a receipt for such items. It is the possession of these itemized receipts by the public (corresponding to the transaction as it appears on the way bill and in the accounts) that makes the accounting for such charges so simple and effective. The introduction of similar items on the way bill and in the attendant receipt (freight bill) is designed to secure the same check, to throw around these collections the same safeguards. When there is a miscellaneous charge of any kind connected with a consignment of freight, the amount of such charge should also appear in the receipt. It must not be aggregated with other charges, but must be specific and clear.

Many of the receipts given to shippers pass into the hands of the officers of the railroad company in connection with the settlement of claims and for other purposes. When thus received the railroad company should immediately compare them, item by item, with the returns rendered for moneys collected by the agents signing the receipts. The likelihood that these evidences will pass into the possession of the railroad company, and that the above comparisons will be instituted in all cases, will have the effect to secure faithful accounting where in some cases it could not be attained in any other way.

It has been the practice generally, in the past, to group all miscellaneous charges in one item in the receipt. Thus, if a charge of two dollars for switching charges was made and a dollar for demurrage, they were not specifically entered in the receipt. Sometimes no receipt at all has been given, or the charges for several cars have been aggregated, a receipt being given for the whole. These practices rendered it difficult to ascertain whether charges collected on particular consignments were accounted for or not. If, however, collections are specified in detail on the receipt for the particular consignment they affect, and are embraced in the returns the same as carriage charges, it will be easy for the railroad company (when the receipt comes into its possession) to ascertain whether the particular amount has been returned by the agent collecting it or not. When a receipt passes into the possession of a railroad company it should be compared with the returns, as already suggested, so as to verify the correctness of the latter. It is necessary that the importance of this, like other requirements surrounding the collection of railway revenue, should be rightly understood, and all needed devices for securing faithful accounting carefully observed.

CHAPTER IV.

COLLECTIONS AND CREDITS AT STATIONS.

It was, at one time, the generally accepted rule that charges for freight should be paid on delivery of goods. The rule was inconvenient. Shippers did not have the money, or they had other uses for it, or they wished to avoid the labor such settlements involved. They therefore, one and all, urged the carrier to allow them to pay their bills weekly, semi-monthly or monthly. The persistency of these demands and the practices of rival companies, real or imagined, had the effect to undermine the custom of requiring charges to be paid on delivery of goods. The effect of this has been to increase enormously the working fund that a railroad company must put into its business. The practice, moreover, has had the effect to increase its bad debts. Such losses cannot be recouped. The practice is every way objectionable. The service is much simplified by cash payments. It is extremely desirable, therefore, that railroad companies should return to such practice. Where the custom of allowing credit is the outgrowth of rivalry at competing points, effort should be made to reconcile the differences.

Where customers have been allowed time in settling their charges the withdrawal of the privilege will be esteemed a hardship, but it is certainly more proper that men should pay their individual debts as they accrue than to unload them in a mass on the owners of railroads. In the routine of business a list of uncollected freight bills is required to be made by agents when they render their accounts current. It is a necessary statement and invites the careful scrutiny of the company. It is valuable for many reasons. It shows in detail the persons who owe the sums that make up the aggregate of unpaid bills. It shows also exactly how much of this is made up of local earnings, how much of advances, and how long the bills have been running. In the last respect it evinces the measure of capacity and zeal of the agent. Without a list of the uncollected freight bills it is impossible to determine one of the constituent elements that go to make up the large balance that stands on the books of every railway company against agents. But with it and the station agent's account current the accuracy of the balance can be fully demonstrated and its necessity determined.

For a long time after the practice of permitting freight to pass out of the possession of the carrier without payment of charges had become established it was confined to competing points, and was much restricted even in such cases. The tendency, however, to enlarge the privilege has

been growing. Pressure upon the carrier for accommodation is universal and persistent. If the agent cannot be influenced or cajoled appeal is made to his superior. No device is left untried. The stereotyped form of claim is that it is inconvenient to settle for each shipment. This is true. But every species of business involves more or less inconvenience. In many cases, however, consignees depend upon the proceeds of sales of goods to pay the transportation charges thereon. It is here the difficulty mainly lies. They want the company to fill the dual office of carrier and banker. Where it is inconvenient to pay, or merchants have not sufficient storage, it is not unusual for them to ask permission to take such freight as they urgently need, leaving the balance as security, or until they can find room for it. This practice should not be permitted. It takes unwarranted advantage of the carrier. It is, moreover, more than doubtful whether the property remaining in his hands can be held to secure payment of charges on goods delivered.

The custom of extending credit for transportation charges should not be encouraged. The carrier not only loses the use of his earnings, but also loses the use of the advances he has made on the property. These latter amount to a very large percentage of his gross receipts, and in some instances greatly exceed his earnings. He is, moreover, subjected to the annoyance of keeping an open account where it is exceedingly inconvenient; and what is important, subjects himself

to great risk of loss. Every railroad company, it is probable, is embarrassed by the practice of extending credit, but acts hesitatingly or not at all in applying a remedy, lest its rivals should thereby gain advantage. The perpetuation of the practice is based mainly on the mistrust that carriers have of each other. It is the duty, and a very important one, of traveling auditors and others, to ameliorate these conditions whenever possible, not only by individual effort with local agents, but by co-operative effort with the officers and agents of other companies.

The impulsive and overzealous agent allows credit unnecessarily in order to increase the popularity of his company; the incompetent does it because of ignorance, indolence or indifference; the unfaithful for personal reasons; the conservative only to meet actual requirements of business. Whatever the reason may be, patrons acquiesce, not that they are always benefited by the concession, for they are not, but the mere fact of its being granted affords gratification. If there is one thing more noticeable than another in the lives of corporations it is the desire of individuals to secure some concession or privilege not generally extended to their fellows. They seem to feel that it is necessary to demonstrate their status or superior capability. The combative man is averse to every regulation, however

proper or necessary, simply because it is a regulation. Its existence irritates him as red cloth does a vicious bull.

It is essential in giving an order in regard to the collection of freight charges that all the conditions incident to a traffic should be understood. The necessities of business and the effect upon the company are alone to be considered. If the latter is benefited by allowing credit, well and good; if otherwise, the practice should not be permitted. There cannot be any negative ground. Either the company is benefited or it is not.

As already stated, extending credit increases the risk and deprives the carrier temporarily of the use of his money. These conditions in themselves should be sufficient to prevent the practice where there are not good reasons for it.

As a rule it is a good plan, and one to be generally observed, that credit shall not be extended without consultation with the proper officer. But as the conditions of business are always changing, it is not possible for an officer to decide a question of this kind, except for the moment. Hence the general principles that govern should be well understood and followed.

Wherever doubt exists as to the propriety of delivering freight without collecting charges, a special report should be made by traveling auditors and agents to the proper officer, so that he may examine into the merits of the case.

It may be generally accepted as true that where good business usage prevails credit will

not be allowed for freight or other charges except to meet the action of competitors. The peculiar nature of a business or its isolation may make it necessary. But such instances will be exceptions. In cases where merchants settle in bulk daily for charges due from them, such accommodations cannot be called credits. Daily payments are, to all intents and purposes, cash payments.

Where credits are allowed, frequent reports of the facts attending each case should be made to the financial officer of the company, so that by constant reviews risks may be minimized and the custom restricted within the narrowest limits.

When the conditions of business require that credit shall be granted, diligence should be exercised in collecting at the time agreed upon. In extending credit, wise discrimination must be exercised. It is purely a matter of business. Its object is to create and to facilitate traffic. It is not desirable that credit should be extended to unfit persons. Reasonable risks, the natural risks of business, may be assumed—where such risks cannot be evaded—but good judgment should be exercised at all times. The practice of giving credit, like every other practice, quickly assumes, to the officer of the carrier as well as the patron, the guise of necessity, while it may be only a weakness on the part of the former. Credit, like every other favor that comes from a carrier, soon ceases to be regarded as such, and is quickly looked upon as a right. A patron who is allowed

a week or month in which to pay his bills will be quite likely at the end of the specified time to ask, as a favor, for further time, the original concession being looked upon as a right. The extending of credit does not, in the majority of cases, insure prompt payment at the expiration of the time agreed upon. However, additional time should never be allowed except under special advisement. The line must be drawn somewhere, otherwise the credit system will soon absorb everything the carrier has. When losses threaten a carrier through the granting of credit, or otherwise, action should be instant and effective. In the collection of doubtful debts, the man who acts promptly and vigorously succeeds, while his more dilatory brother is left in the lurch.*

In order to break up the practice of granting unnecessary credits, it is necessary to harmonize the interests of competitive carriers. This can only be done by their acting in common; by their having a common collector at competitive points. Thus, at Cincinnati, where so many railroads center and where so many interests conflict, economy would be secured, risk avoided and promptness attained by establishing a common collecting agency, paid for by all the companies interested and acting under their orders. The agency may be incorporated in order to make it effective and limit the risks and responsibilities

*Specific rules governing the collection of freight charges will be found in another volume.

of members. Such an agency would simplify matters very much and restrict credits to the minimum. Thus, the manager would be in a position, in the event the standing of a shipper was doubtful, to apply such remedies as might be necessary, without loss or the disarrangement of the traffic of any company. He would be able to cut down credits to the minimum without injury to the business of particular carriers, as he could and would prevent shippers playing off one company against another. Moreover, a common collecting agency would be a convenience to the patrons of railroads, as they would be able to pay their bills in gross to one collector instead of being harassed by the visits of many. Methods of accounting could be adopted in connection with the collecting agency that would render the risks attendant upon the handling of large collections much less than under any other system. Collections should be turned over to the companies to whom they belonged daily. Also a list of the uncollected bills, so that each company might keep its affairs checked up. The collecting agency might also be made to facilitate settlement of local accounts between railroads. Concentration would save carriers expense. Where a collector for each railroad now visits shippers for the purpose of collecting bills, one visit for all would suffice.

The collecting agency should be managed by a board of directors, consisting of a representative of each company. It should have a president,

secretary and treasurer. It should be under the immediate charge of a manager. He should be responsible to the board of directors.

The relations of the manager and his employes should be of a strictly confidential nature. They would sustain to each company the same relations that local agencies now sustain. The power accorded the manager (in the interests of the railroads) would be such as to enable him to accomplish, without effort, objects of advantage to the roads that they could never hope to achieve singly. His knowledge of the situation and the fact that he represented the railroads collectively as well as singly, would make it impossible for shippers to deceive him or take unfair advantage of the companies he represented.

Descending to details in regard to the collecting agency, the duties of the officers connected therewith may be briefly summarized, as follows: The president, secretary and treasurer should perform the executive offices required by law and the conveniences of corporate existence, such as calling meetings, presiding thereat, preserving the records and lists of members, caring for the money of the corporation, and so on. The chief duty of the agency would devolve on the manager or chief collector. Appointed by all the railroads, he would have general charge. Clerks and assistants would be appointed by him. All matters connected with the business of the various companies handled by the agency would be entirely confidential. It would be the duty of

the manager to collect all bills sent to him by the various members of the agency, and to pay over to such members daily the balances due them, rendering, besides, such statements of their affairs as might be required. All bills for expenses would be approved by the manager and apportioned to the various companies interested in the agency, but he would not be empowered to incur any obligation not specifically authorized by the board of directors. The manager and his assistants would be required to give proper bonds for the faithful performance of duty.

The cost of such an agency as this could not be as much as the aggregate cost of making collections where the work is performed by each company separately. Not only may expenses be lessened by an agency such as I have described, but many of the embarrassments, complications and unnecessary losses that enter into the strife of carriers at common points may be ameliorated or entirely done away with.

CHAPTER V.

STATION WORK—DELIVERY OF PROPERTY.*

To prevent the warehouses of a company from becoming blocked with freight and the accumulation, in consequence thereof, of large sums of unpaid charges, agents are required to exercise the utmost tact and decision in inducing patrons to remove property promptly upon its arrival.

In order to escape responsibility as warehousemen (after the expiration of the time for which carriers are legally bound to care for property), it is necessary, in some cases, that consignees should be notified of the arrival of their goods. In order to secure prompt removal of property and payment of charges thereon, something more than a perfunctory service is required of the agent. Wherever necessary he must interview shippers and by personal effort secure the object sought. The superior worth of experienced and capable agents over inexperienced and unfit men is especially noticeable in the resources they display in securing the prompt and hearty co-operation of the community in their efforts to facilitate the easy and rapid discharge of business. In one

*Specific rules governing the delivery of property by agents will be found in another volume.

case everybody willingly helps, in the other case obstructions arise in every quarter.

Agents should be carefully schooled in regard to the necessities and possibilities of their office in this direction. In many cases important suggestions can be made. If the agent, in consequence of his youth, inexperience or habits of service, is lacking in tact and politeness, the fact should be pointed out to him. These qualities are especially valuable in the servants of corporations. Without them it is impossible to secure the active co-operation of the community so necessary to facilitate business. If an agent has urbanity, tact and firmness, the patrons will cheerfully comply with the regulations that he may point out to them to be necessary. If he does not possess these qualities they will be indifferent, if not actively hostile. In order to secure the prompt delivery of freight and the collection of charges thereon, and otherwise facilitate business, it is of the utmost importance that agents should possess and cultivate habits of kindness and good breeding, without which they cannot become favorites in the community in which they live.

CHAPTER VI.

STATION ACCOUNTS AND AUDITING.

Where credit is extended at a station or freight is delivered without payment of cash at the time, the work of traveling auditors is rendered more difficult. In such cases it is necessary that they should compare the amounts due with the debtor's books. In no other way can the amounts be properly authenticated. Patrons may know and may admit that they owe the agent, but it is only by comparing the bills with their books item by item that such statements can be accepted unqualifiedly. Where there is any reason to suppose that an amount claimed to be uncollected is not so, the examiner should visit the so-called debtor alone. In other cases he may be accompanied by the agent. Instances will arise where there is an understanding between shippers and agents that the former will accept and make good any amount the latter may claim to be due from them, so as to tide over the examination of auditors, the amount to be refunded afterward. Such cases of collusion are rare, but their occurrence teaches the necessity of caution.

In all cases tact must be observed by traveling auditors in their examinations so as not to compromise unnecessarily the character of the agent.

It is not only important that he should have the confidence of the carrier, but that the public should believe that he has. There is nothing in the periodical examinations of auditors that need disturb this belief in the case of trustworthy employes if discretion is exercised.

When there are uncollected bills outstanding at the time of examination, it is desirable that the traveling auditor should collect the same if possible. If anything is wrong, this will be likely to elicit the fact. If there should be good reason to suppose that conspiracy exists between a shipper and an agent, by which the former is to make good temporarily the amount due from the latter, the agent should be relieved. The shipper will, in such cases, hardly care to advance money and take the chances of collecting it back from a person out of employment and no longer able to accommodate him in return. Where collusion between agent and shipper exists, the shipper does not usually suppose he is furthering the agent in any criminal act. It is represented to him that it is an accommodation, simply, to relieve the agent from a long and tedious examination. On this ground he consents to advance temporarily the sum needed. Great circumspection must be exercised by auditors. To relieve an agent unjustly or unnecessarily is to greatly injure him, and is, therefore, to be carefully avoided.

Not only must the traveling auditor verify current uncollected bills, but the list of uncollected

bills embraced in the last account current of the agent must also be investigated and verified. The accuracy of amounts due at the time of the investigation may be determined by comparing the uncollected bills with the freight on hand, in the case of property undelivered, and by comparing the freight bills with the books of shippers in other cases.

While making inquiries of shippers in regard to current items it will be possible, in a measure, to verify the authenticity of sums that were claimed to be due from them at the time of making the last balance sheet. But it will not be advisable to acquire information in this way in regard to uncollected charges shown in the last account current when such inquiries will excite comment.

Leaving out of the question this manner of testing the accuracy of uncollected charges, as returned in the last balance sheet, the return in question may be verified, first, by comparing it with the freight still on hand, and second, by comparing the items paid since the account was rendered with the cash book and freight received book, thus fixing the date of payment, and acquiring such other particulars as the records afford.

The uncollected freight account affords one of the most convenient places in which to hide deficiencies that exist in the cash accounts, and for this reason every opportunity should be taken advantage of to verify the accuracy of the items of which it is constituted. Whenever it is

necessary to refer to patrons of the company for information in regard to the accounts or for receipts or other papers, it should be done by the agent upon the ground that such information is necessary to verify his books. In visiting the patrons of the company for this purpose, the traveling auditor will accompany him, but should act impassively except in those cases where it may be necessary for him personally to interrogate parties or take other action.

In examining the accounts of a station the list of uncollected charges on freight not yet delivered must be carefully examined with the view of ascertaining whether or not due diligence is exercised by the agent in making collections.

The date of arrival of undelivered freight should be noticed, and if the time within which the company is legally bound to hold the property has expired the traveling auditor should visit consignees with the agent, and if possible secure delivery of goods and collection of charges. If the charges have already been paid, this investigation will elicit the fact.

Neglect to notify consignees of the arrival of freight will be found to be in some instances the occasion of failure to remove goods and pay charges. When this is the case the fact must be noted and the fault corrected. As the railway system enlarges and business increases, negligence of this kind becomes more and more embarrassing, not only occasioning the carrying

of large balances, but involving unnecessary claims for loss or damage to property. Hence the necessity that agents should act energetically in securing the prompt removal of goods.

It is the disposition of consignees, in many cases, to allow freight to remain in possession of the carrier as long as possible. They thus avoid the inconvenience of storing and also escape payment of charges. These are inevitable conditions of business, and however objectionable, will be found at every station. Their avoidance or modification requires tact and firmness on the part of agents, as I have shown. The station houses of railroads are not adapted for storage purposes. They are too small and too much exposed to fire and the depredations of thieves. They are intended merely as clearing houses for examining, weighing and transferring property back and forth between carrier and patron.

Where due diligence is not exercised in taking freight away, it is the practice in Europe to charge for storage; there this custom, which is both wise and salutary, is rigidly enforced. However, the general belief of the public in the United States, that the rate for carriage covers every species of service, including storage, makes it difficult to enforce a distinct charge for the latter accommodation. It is, however, the only alternative where consignees do not exercise due diligence.

Itemized receipts for all moneys received, save for passage tickets, should be given by the recip-

ient in every instance, whether asked for or not. The practice is in accordance with good business usage. The possession of a receipt is necessary to protect the payee, not only as against the possibility of being called upon a second time, but to enable him, at his leisure, to scrutinize the items or charges made in connection with the service performed. Thus, if there is any error in the amount of local charges, advances, fees for loading, unloading, storage, dockage, switching, car service, cooperage, feeding, watering, care, etc., he will have in his possession the information necessary to enable him to discover the error, and by forwarding the receipt to the proper officer of the company, with an explanation of the facts, secure redress.

It is of very great importance that the rule requiring receipts to be given should be carried out in good faith, and practices of a company's agents, in this respect, should be scrutinized with the utmost watchfulness.

The possession of receipts by the public for moneys paid by it is of great value to the carrier as it serves, with other devices that are enforced, to protect him (partially if not absolutely) against suppression or falsification of accounts. In the innumerable differences that arise between the carrier and the public, and the claims made upon the former by the latter, the receipt is the evidence required by the company that the charge has been paid as stated. Every receipt given is liable, at any moment, to pass into the

hands of the carrier, and as it is the duty of officers to compare the receipts coming into their possession with the returns made by the agent who originally collected the money, errors or omissions in the accounts of such agent will thus be instantly discovered. This practice has a most salutary effect and serves a threefold purpose: it strengthens and supports the employe (as every valuable safeguard does), guards the public, and protects the carrier, in a measure, against unfaithful servants.

The protection afforded the carrier by the receipts in the hands of the public for each specific payment first suggested the application of a similar rule to the collection of cash fares by conductors. Thus, duplicate blanks, consecutively numbered and bound in book form, have been provided for the use of conductors; in these blanks they insert the date and amount collected, and the points from and to which the passenger has paid fare. The labor requires but an instant. The original is torn out and given to the passenger, and the duplicate left in the book. At the end of the trip the latter serves the conductor as a memorandum for making up his return of cash fares collected. It is afterward forwarded to the proper officer, who, when he has compared it with the conductor's return, files it away for subsequent verification with the original receipt, should the latter ever come into his possession. The forms are very ingeniously contrived so as to save labor, and yet afford

sufficient information to make them a valuable memorandum for the conductor's use in writing up his return, as well as an auxiliary to the company in its methods for securing accuracy in accounting.

Receipts should be delivered the payee at the time the money is collected.

In the case of freight a bill should be made as soon as the property has been received and compared with the way bill and the correctness of the latter assured. But it should not be dated or signed until paid.* Until so dated and signed it is merely a memorandum, and enables the agent or examiner to determine at a glance the amount of uncollected freight charges. When paid, however, the date of payment should be inserted and the receipt signed.

All receipts should be signed with pen and ink by the agent, cashier or other authorized person at the time the account is paid. Afterward the receipt should be stamped with the station stamp, in which is specified the date, name of station and name of road. Stamp signatures should not be used in acknowledging the receipt of money. The blanks used for receipts provide (or should provide) for entering separately the various classes of charges that arise in connection with the carriage or handling of goods. These items should

*The "freight bill" is an itemized statement of the charges due the carrier for his services and is rendered to the consignee; it is analogous to the invoice for goods sold given to his customer by a merchant. When the charges are paid the agent receipts the freight bill and delivers it to the consignee.

be written separately in order as they occur and for the exact amounts as shown on the way bill. It is sometimes the custom to enter amounts for even sums so as to facilitate making change. This practice is wrong, and should not be indulged in. It prevents accuracy in accounting, and renders it impossible for the agent to verify the correctness of his cash account, and is, moreover, liable to develop abuses not necessary to mention here.

Whenever payments are made by a carrier for overcharges, rebates, losses, damages or other purposes on account of property, the amount thus paid should be plainly written across the face of the receipted freight bill before the latter is returned to the claimant. The bill thus becomes a complete history of the transaction, and the notation across its face serves to prevent duplication of claims, as the production of the receipt is, or should be, in every instance a prerequisite.

Systems of railway accounting must be scientific. Methods require to be carefully considered and necessary safeguards provided. A system must be such as to render it easy to do right and difficult to do wrong. It must, among other things, provide for the careful use and husbanding of forms in the hands of agents and others, particularly those connected with the receipting for money. In order to effect this, blank receipts

should, when practicable, be bound in book form and numbered consecutively by the printer. It will thus be impossible for anyone to use a receipt without leaving a blank space to be accounted for.

In the system of accounting that I invented several years ago it is contemplated, among other things, that receipts shall be thus numbered and bound and that a record shall alternate with each receipt, so that by placing a carbon between the receipt and the record the filling out of the former fills up the latter. All this is done at one writing. In some cases as many as five entirely different forms are thus filled up at one writing by the use of carbons.*

It is one of the duties of inspectors and traveling auditors to see that receipts are properly used and records duly made in conformity with collections; that there are no blank receipts scattered about an office that may be used without record of the fact being retained; that agents and others use the blank receipts embraced in the various records in the order in which they are numbered, and that all the receipts contained in a book, or block, are used before the record is filed away. Should it happen that any blank

*The method of accounting referred to is known as the "Multiplex System." I some time ago disposed of it to the American Accounting Company, of Chicago, who, taking up the patents and coyprights transferred to them, have gone on and added thereto. The system of accounting is referred to more particularly and at length in another volume.

receipts remain unused when records are filed away, such receipts should be formally canceled.

Advances on property should never be made by agents, except in authorized cases and in the manner prescribed. The law gives carriers no lien for amounts advanced by them on property, unless such amounts are for transportation charges or for services or expenses incident thereto. Loans made on goods will not hold as a lien, and in order to enforce the same in the event of dispute it is necessary for the carrier to prove who the owner of the goods is and get judgment against him for the amount. He cannot hold the goods against a prior judgment.

It is a well understood general rule that agents shall not make advances except to cover transportation services and expenses related thereto. In this connection it is also a well understood rule that advances shall not be made on perishable goods or property that the carrier cannot, if necessary, dispose of for the amount of his charges and advances. Exception to this rule is sometimes made where the amount is guaranteed.

Advances on property, even for transportation purposes, should be reasonable in amount, should conform to the value of the goods, and should not be in excess, proportionately, of the revenue derived by the carrier for his services. He receives no compensation for such advances, save the carriage of the goods, for which latter he

performs a *bona fide* service, equal in value to the amount paid him therefor. He is bound, therefore, to protect himself against loss from advances or from the payment of excessive amounts, even where the repayment is assured, as the advances which he makes lock up money which he needs in his business, and which is worth to him an average rate of interest equal to or in excess of that which he pays on his funded debt.

This may be considered an extreme way to look at it, but as the interest and expenses on advances and the losses connected therewith are sometimes greater than the profit derived by him from his business, the propriety of his exercising circumspection is apparent.

The greater the amount of accumulated advances and local charges on a shipment, the greater likelihood there is that payment at destination will be refused or delayed. This is a reason, and a very important one, for discouraging unnecessary or excessive transactions of the kind described. The carrier not only loses the use of his money, but his cars and warehouses become blocked with accumulated property. What is said here applies quite as forcibly to advances on baggage.*

* I have always thought that a general law permitting a carrier to make slight advances on the baggage of a passenger would be a great convenience in many instances to travelers, and if a slight fee was exacted for the accommodation it might be made a source of revenue to the carrier, but in the absence of law legalizing such advances and making them a first lien on the property, they cannot safely or properly be made.

In the operations of business it sometimes becomes necessary to make advances for other than transportation purposes. This is the case in regard to agricultural implements and property occupying kindred relation to the public and the carrier. Such advances, however, cannot be made except under specific instructions, and not then unless suitable guarantees are offered that the carrier shall not suffer loss. Regulations governing matters of this kind are usually expressed in the tariffs, in accordance with the laws and the customs and requirements of business. The tariff with its attendant rules and regulations should be carefully studied and observed. The necessity for exercising caution is apparent; and while it is perhaps true that the carrier cannot refuse to make legitimate advances on property so long as the goods afford adequate security, still, within well defined limits his discretion is ample and should be exercised. The suggestions made here are not intended to supplant any regulation, but to be supplementary thereto. They are intended to explain some of the principles of business, more particularly those affecting the collection and handling of money.

Bills of lading are only given at authorized stations and in accordance with prescribed forms. Great importance is attached to their use. Agents should be instructed particularly in regard to the duties, obligations and risks of the carrier in such

cases. Bills of lading are the drafts of the railroad company, which it agrees to honor by delivering the property called for to the proper person upon presentation of the instrument at a specified place. Bills of lading often pass through the hands of a number of people, the ownership of the property changing conformably thereto, and in order to protect himself against the possibility of delivering to the wrong person, every technicality must be scrupulously observed by the carrier.

All these things are well understood by business men whose duties require them to handle property; but as many railway agents have little occasion or facility for acquiring information in regard to the rights and duties of carriers in this respect prior to their appointment, and do not often have occasion to exercise the knowledge as agents, it is the duty of traveling auditors to keep them informed in regard to the requirements of this phase of the service; to see that the issuance of bills of lading is in accordance with legal requirements and the instructions of the proper officers.*

It is the duty of agents and others to take receipts for moneys paid by them as well as to give receipts for moneys paid to them.

*Specific rules governing the making and issuance of bills of lading will be found in another volume devoted to freight matters.

Receipts of this kind are necessary to protect the agent and the company. If not taken, he may be called upon a second time by the person to whom the money is paid. Their possession, moreover, enables him to verify, in a measure, the accuracy of amounts claimed to have been paid by him. This is of vital importance in corporate accounting. The custom of exacting receipts serves, moreover, to prevent petty irregularities. No credit should be allowed where the claimant does not hold a receipt, and then only for the amount called for by it. In this way fictitious sums or additions to actual payments is rendered impossible, if proper measures are taken to verify the authenticity of the receipts.*

In the examination of stations the amount of advanced charges for which credit is claimed must be carefully scrutinized. In the case of money actually disbursed, receipts should be on file for the amount. These receipts should be compared with the amounts claimed.

This comparison will serve the purpose of verifying the amount, but is not, for obvious reasons, conclusive. A statement of the amount claimed to have been advanced on each way bill must be sent to the accounting officer, to be by him compared with the way bill for the property. In

*Specific rules governing signing receipts, making indorsements, etc., will be found in another volume devoted to such matters.

this manner any discrepancy between the amount claimed and the amount actually billed will be discovered. If anything wrong is discovered by the accounting officer, the fact should be at once communicated to the traveling auditor, so that the latter may take such action as the case requires. For similar reasons it would be well if all statements sent to the various traffic auditors by traveling auditors should, when verified, be returned to the latter with proper notations thereon.

For obvious reasons, it is apparent that a comparison of an amount claimed to have been advanced with the amount inserted in the way bill is not conclusive. The fact is corroborative, however. All that is needed to complete the chain of evidence is to establish the authenticity of the receipt and the *bona fides* of the transaction, which can be done, in the majority of instances, without exciting attention or comment by reference to the shipper.

In order to facilitate the collection of freight and other charges accruing at particular stations but payable at other stations, the practice exists, as already described, of permitting the agent where the charge accrues to waybill it as advanced charges to the station where it is payable. The way bill may be called a collection way bill. It is not different from other way bills, only instead of covering property it covers money to be collected; the amount is inserted in the advanced charge column. By this process

the billing agent gets credit, while the agent to whom the amount is billed is debited. This latter agent collects the amount and remits it to headquarters to his own credit. The practice should not be abused. It is permissible only in those cases where an amount is charged to the agent of a particular station and is payable at some other station. Its existence, however, necessitates especial care in the examination of agents' accounts to see that the practice is restricted and that it is not used to further dishonest or fraudulent purposes. It is the duty of the traveling auditor to see that amounts billed forward as above to other stations have actually been charged to the agent making the way bill. Under no other circumstance is the practice necessary or proper.

The nature of the business of carriers, the responsibilities attending the same, the intimate relations carriers sustain to the community, and the fact that they may at any moment be called upon to explain any one of innumerable transactions, demonstrate their good faith, disprove exaggerated or fictitious claims, or settle just ones, render it necessary that they should preserve a history of each transaction connected with the transportation of property. In the baggage department the surrender of the check and the removal of the goods is an acknowledgment of the receipt of the property in good order. The

extent of the business in this branch of the service and the necessity of conducting it with the utmost celerity has prevented the multiplication of blanks or the signing of formal receipts. The extent of the freight business, its peculiar nature and the risks that attend it, in consequence of the rude facilities available, make it necessary to preserve a record of each article and consignment from the moment it reaches the forwarding station until it is delivered to the consignee at its destination. This necessity has called into existence many forms of books and blanks, some simple, others complicated, all of them, however, adapted to the peculiar purpose they serve. It is not the intention to refer here particularly to all of these, but only to the forms used in connection with the delivery of property by carriers. Three kinds of books are in more or less general use at delivery stations. One is a complete record of the way bill with its attendant marks and notations; another a receipt book acknowledging delivery of the property; another not only records the particulars of the way bill but also contains on its margin, opposite the consignment, the receipt of the consignee.

The first two books are used at large stations where it is inconvenient to consolidate the information; the last named at smaller stations. It embodies the information contained in the other two books.

In consequence of the disposition of people to pry into the affairs of their neighbors, special

forms have been found necessary in some cases. While the whole world claims the right to know what every railway company is doing, and what it charges therefor, the relations of carrier and shipper are, or should be, confidential. The former cannot divulge either the nature or extent of the latter's business without a breach of confidence. For this reason access to his books is refused to the public. But in some instances consignees will take advantage of the simple duty of receipting for their freight to observe what their neighbors are doing. Thus the lynx-eyed grocer on the corner, while signing the receipt book, runs his eye inquiringly over the consignments made to his brother grocer doing business in the middle of the block; notes what he got, the rate he paid, and other particulars of a like interesting and confidential nature. If time were given him he would linger over the record until all its contents had been stored away in his capacious memory. This information he uses in harassing his competitor or the carrier.

To obviate this disposition of patrons to pry into matters that do not concern them, it is necessary at many places to adopt a substitute for the receipt book. This substitute is simply a blank or book wherein each consignment occupies a page by itself. Under this arrangement the shipper can scrutinize his own consignment at his leisure, but can catch no glimpse or hint of the consignment of his brother; these substitutes may be called special receipts.

Every way bill immediately on its arrival is entered in one or the other of the freight record books. The record is valuable on several accounts. It obviates inconvenience in the event a way bill is lost. It also makes it more difficult to suppress a bill. The footings of the freight book are entered day by day and carried forward, so that when the returns are made the footings confirm or disprove their accuracy.

Receipts should be taken in ink, at time of delivery of property, and should be made by the consignee or upon his order.

Station records and receipts require to be sufficiently full to protect a company in the event of disputes in regard to identity, condition or delivery of property.

As intimated elsewhere, comparison of the freight received and receipt records with the cash book enables the traveling auditor to tell whether cash is accounted for at the time it is collected or not. A comparison of the freight received and receipt records with the returns of agents also serves, in a measure, as suggested elsewhere, to verify the latter. By comparing each consignment of freight, as receipted for on the freight record or delivery book, with the way bill, and the latter with the returns rendered to headquarters, suppression of an account becomes difficult if not impossible. This fact being understood, the importance of each bill being entered upon the proper freight book or books immediately upon arrival becomes apparent.

Finally, the patrons of a company should be taught that it exacts and issues particular forms of receipts. These forms are such as the interests and safety of the carrier require. Having familiarized the public with their use, any change or neglect to use them will be instantly noticed. This observation of the public, however unconscious, is a protection, a safeguard thrown around the business of the carrier.*

*Some years ago the author, in order to reduce clerical labor, insure accuracy of accounting, and throw additional and needed safeguards around the revenue in connection with these records, devised and put in successful operation a freight record that was transcribed simultaneously with and by the same writing that made the freight bill. This device is fully described in another volume devoted to freight matters, and is owned, with the other devices of a similar nature invented by him, by the American Accounting Company, of Chicago.

CHAPTER VII.

HANDLING FREIGHT AT STATIONS.

At rural points, where business is done somewhat informally, there is danger that proper care will not be exercised to prevent freight being carried away by owners without the knowledge of the agent and consequently without receipting therefor or paying charges thereon. This occasions the carrier annoyance and, what is more to be deplored, frequently entails loss. In many cases goods are left on the platform where they are unloaded by trainmen, or remain in the cars on sidings to be taken directly from thence by consignees. Such practices save labor and are well enough when vigilance is exercised, but not otherwise.

Freight should be compared, item by item, with the way bill when unloaded, with a view to seeing whether it has all arrived; also its condition. Tally marks should be noted on the face of the way bill, for each package as it is removed. If an article is missing or damaged the fact should also be stated. Notations are made on the way bill, first, because it is the original record and is convenient for such purpose, and, second, because this instrument should be a complete record of everything relating to the carriage of

the goods. All marks and notations on the way bill should be copied on the freight record books.

It is desirable that property should be checked, especially that unloaded by trainmen, at the time the freight is unloaded. Goods should not be allowed to remain in cars longer than is necessary, not only because the carrier loses the use of the vehicle, but because it is easier to ascertain particulars of missing or damaged freight while the transaction is fresh in the minds of trainmen and others, than it is afterward.

It is a duty of traveling auditors to ascertain by examination of way bills and otherwise whether vigilance and promptness are exercised in receiving, unloading and checking freight.

The theory and practice of railway companies are often wide apart. Forms are instituted and orders promulgated that do not contemplate evasion or permit of qualification. In actual practice, however, their observance is, in many cases, the exception and not the rule. The laxity that is permitted in connection with them fosters neglect elsewhere. It is better, therefore, when a principle is not involved, that the exact facts should be soberly considered and frankly stated, and acts made to harmonize therewith. This will destroy the symmetry or theoretical perfection of many rules and regulations, but the service will be benefited thereby.

In the actual operation of railways, every department, branch and subdivision of the service will maintain more or less that special

latitude must be granted it in order to allow business to be conducted expeditiously and in accordance with the necessities of life. This is partially true. Necessity, or assumed necessity, for the exercise of discretionary power arises, in many cases, however, from ignorance as to what is really required by the carrier, or from the disposition innate in man to have his own way. Both of these, in the operations of corporations, have the effect of positive laws, and must therefore be considered with soberness. It avails nothing to say that men must familiarize themselves with their duties, or that they must acquiesce fully and heartily in methods devised for their government, because they will not always do so, although acquiescence would save them, as well as others, inconvenience and labor. While, therefore, we strive to institute perfect methods and ways of doing business, we must remember that success will only be partial.

The peculiarities and limitations of railway service are marked in every department. They are especially noticeable in the operation of freight trains. Here, in consequence of frequent changes, the severity of the labor, attendant danger and exposure, new men constantly succeed each other. In the operation of these trains the theory is that the men are always alert, that the train is guarded unceasingly day and night, and that when goods are unloaded the articles are compared, item by item, with the way bill, and in the event any omissions occur careful search

is made for the missing property. Practices, however, are often otherwise. The train cannot always be adequately guarded with the force available, and when it hauls up at a station an attendant plunges into the car, and without reference to the way bill or comparisons therewith, seizes everything he can find marked to the place in question. When a hurried glance satisfies him that all the property has been unloaded, marked to that particular station, he jumps from the car, the door is closed and fastened, and the signal given to go ahead. Sometimes property is unloaded on the platform, sometimes in the immediate neighborhood of it; time is often too precious to carefully consider minor details of this kind; a given distance must be traveled by the train within certain hours, and certain meeting and passing points reached at specified times; neglect will involve a chain of delays and possible disasters too serious for trainmen to contemplate without concern.

All freight is not thus handled by trainmen, but a great deal of it is; enough to invite attention and consideration in forming rules and regulations. It is of no use to say that such practices are wrong. That is apparent. They are not only wrong, but any trainman who would neglect to have articles checked from the car, item by item, as they are unloaded, when he could do so, should be censured. But not only is freight unloaded without being compared with the way bill, but at small stations it is quite likely that the agent

will not be present when the work is performed, being engaged in selling tickets, or occupied at the switch, or elsewhere. He therefore does not see the property until the train leaves, when he makes such examinations and comparisons as he is able.

When the articles on a way bill are compared with the packages, item by item, as they are unloaded from the car, many mishaps otherwise likely to occur are avoided. Thus, freight that is covered up with packages consigned to other points will be hunted up and the cause of many injuries sustained by property will become known and recorded by the agent that would otherwise forever remain a mystery.

Freight is frequently lost through being loaded in the wrong car, or being entered on the wrong way bill. If the marks on the packages are illegible, or have been obliterated, its identity will very likely never be discovered. If everybody were honest, and methods of tracing freight were perfect, and goods were always marked as they should be, property would never be lost, or, if lost, would be found and sent to its destination. But these conditions cannot always be expected.

Much of the property that is missing is stolen outright by sneak thieves. In some cases it is delivered to wrong parties. It is impossible to afford adequate protection for goods at station houses and in cars or upon platforms and docks. Everywhere, and at all times, means of getting

possession of goods improperly are being planned. Many of the men who handle goods for carriers are unknown to them. They are hired to-day and discharged to-morrow. The opportunities of such to do wrong are not great in individual cases, but in the aggregate are startling. Great watchfulness is therefore exercised by carriers.

It is noticed that damages to property in transit occur most frequently in connection with those articles that appeal strongly to the appetite of man—apples, oranges, candies, cigars, liquors and kindred freight. Sometimes a package is only broken; in many cases, however, it disappears altogether. Losses occur both at stations and on trains.

Every effort is directed by the carrier to prevent goods being damaged or stolen. He understands the value of preventive measures. It is especially incumbent on him, because damage or loss entails not only expense, but demoralizes the service. Patrons are also injured in their business. Consignees do not make reclamation upon the carrier for every loss, or even perhaps the majority of losses they suffer. The amount is often too small when considered by itself, or the bother is too great, or they dislike to appear constantly before the carrier as claimants. Shippers do not like to make reclamation when the amount is trifling, but if the losses are frequent they soon amount, in the aggregate, to a great deal; the standing and credit of carriers

are thus undermined and ruined. The result is that whether the carrier is called upon to pay or not he loses, the loss being greater perhaps when he does not pay than when he does.

If no property were stolen and accurate returns were made for every article an agent reported as missing, some other agent would report an article over. One would balance the other. Actual practices differ, however, widely from this.

So long as property is liable to be stolen precautions must be adopted accordingly. Safeguards must be thrown around goods while being received from the shipper, while remaining in the forwarding warehouse, while being loaded into the car, while lying in the yards, while in the trains, while being unloaded, while stored awaiting delivery, and, finally, in the delivery itself. In every situation ceaseless and intelligent vigilance must be exercised. Neglect at any point will be certain to entail loss, for the reason that acts of neglect are noticed and taken advantage of.

In addition to losses arising from theft, there are supplemental losses occasioned by neglect of agents and others to make proper disposition of missent property lying at their stations. Much of the freight that is paid for by carriers as lost remains in their possession, stowed away in some neglected corner, or covered up by the debris that accumulates about a station. Every examination of freight houses elicits cases of this kind. To remedy them it is necessary that vigilance

should be exercised, and careful and periodical examination of warehouses made.

Shortages in the weight of goods (involving loss to the carrier) are oftentimes only apparent, being occasioned by errors in billing, or in the schedule of property delivered by the shipper. When the latter is the case the weight will be found to correspond with the billing. If it is a clerical mistake upon the part of the shipper, and the matter is referred to him without delay, he will quite likely remember the facts, or the nature of the mistake may be determined by reference to his books and papers. When, however, investigation is delayed, the result is less certain. It is important, therefore, that immediate reference should be made to the shipper by comparing the items entered on the way bill with his books.

It is for obvious reasons not desirable, in cases of apparent shortage only, to call the attention of consignees to the matter, except where the case is likely to be elucidated thereby.

In the operations of the freight department it is important that the utmost celerity should be observed in forwarding notices of property short or over. The latter oftentimes explains the mystery surrounding the former, and thus saves the carrier annoyance and expense.

In the operations of business greater trouble is taken by agents to hunt up freight consigned to their station that is missing than in discovering the ownership and destination of property received by them belonging elsewhere. In the

former case the pressure is immediate and personal. In the latter it is indirect and at best not urgent. The tendency oftentimes, therefore, is to await results.

In reference to returns of unclaimed property required by carriers to be made by agents periodically, discretion must be exercised by agents. Freight consigned to parties at or near the station that it is likly will be called for need not be embraced in the returns. The form is intended to cover freight that will not be called for, and about which the company must, sooner or later, interest itself.

Especial vigilance and promptness is required in connection with damaged property, or property of a perishable nature; first, by protecting it so far as possible; second, by arranging with the owner in regard to its disposition, and, in the event it is damaged, taking measures to put it in good order or prevent further loss; third, by notifying the proper officer whenever necessary, and, fourth, by such personal action as the rules and regulations require and the law permits. The provisions governing the handling of perishable property, if adhered to, are such as to protect the carrier from loss. It is only thus that loss can be prevented. It is, therefore, hardly necessary to say that neglect or oversight should never be allowed.

It is the duty of agents to discover particulars attending damaged freight, the place where damaged, how damaged, occasion thereof, and so on.

This attention is of the utmost value, because carelessness is certain to be engendered where it is neglected. Each employe through whose hands property passes should feel that neglect upon his part is certain to react upon him. It will prove an incentive to duty, and will secure faithful and efficient action upon the part of numbers of men intrusted with the care and handling of property transported by railway companies where a less personal penalty would prove unavailing.

CHAPTER VIII.

PASSAGE TICKETS AND AUDITING SAME.

The passage ticket is analogous to the freight way bill. It is, however, much more simple though not so easily handled. It answers thoroughly the triple purpose it is intended to serve: first, a certificate that the passenger is entitled to ride; second, a receipt for the money paid; third, a check upon the agent selling it. It is numbered and difficult to counterfeit. Due account is or should be kept of tickets sent to agents for use. When a ticket is taken up by a conductor he returns it to the proper accounting office, where careful investigation is made to see that it is duly reported by the person selling it.

In this examination tickets sold between particular points are arranged in numerical order to see that there are no duplicates. In the event there are any tickets missing a record is made and due notice taken when they finally reach the accounting office.

In the operations of ticket accounts it is desirable, first, that passengers should purchase tickets before entering the cars; second, that tickets sold should be numbered consecutively and stamped with the date when sold; third, that tickets should be canceled by conductors and forwarded

forthwith to the accounting office; fourth, that tickets, when they reach such office, should be compared with the returns made by agents of tickets sold on the dates specified; fifth, that the numbers of missing tickets should be recorded and afterward the date upon which such tickets were returned noted in connection therewith; and, sixth, that neglect to report tickets sold, errors in rates, amounts, footings or recapitulations should be discovered and correction made by the accounting officer without delay and notice forwarded to the agent in fault.

Such is a brief summary or outline of ticket accounts. Many of the more important particulars by which results are achieved are noticed elsewhere. To attempt to give every detail would be to fill volumes with information impossible to accurately convey or correctly understand.

The number of men filling positions of trust on railways who are unfaithful is very small compared with the total number employed. The permanency that attaches to positions, the reasonable wages paid and the pride men take in their business, make them honest and self respecting. Fear of losing a position and the support it affords sometimes causes men to perform improper acts. There should, however, be no reasonable ground for such fears on the part of those in the employ of railways. Tenure should be during good behavior. Aside from this, however, unfit men will sometimes gain access to the service, no matter how carefully its interests are

guarded or the character of applicants scrutinized. It is this circumstance that renders necessary the safeguards that are thrown around the handling of corporate funds and that make methods of accounting a labyrinth of concerted forms and devices for preventing wrong and for discovering and correcting it when it exists. These methods are universal in their application. The leader and the wheel horse alike are observed and guided. The rank and file require to be drilled and subjected to necessary discipline. Like restraining influences govern the staff. If rigid enactments must be enforced to prevent employes neglecting their duty their superiors must also be subjected to wholesome influences.

The methods of accounting that have been devised for securing authentic returns in regard to the handling of corporate receipts by subordinate agents find their counterpart in measures taking note of every act of the management.

Difference in degree of employment between officer and subordinate is not important in the eye of the employer. Responsibilities may not be the same, but the proprietor makes no distinction in the measure of fidelity and loyalty they severally owe him. Treasurers, comptrollers, auditors and managers generally bow their neck to the yoke with willingness and dignity. They expect those subordinate to them to do the same.

Impersonality is a distinguishing characteristic of corporations. It should mark all their affairs;

not only their intercourse with the public, but the organization, training, management and policy governing officials and operatives. Where this high principle is observed the prosperity of an enterprise is assured and its affairs are conducted conservatively, soberly and effectively. Changes in management do not disorganize it, nor does the value of its securities rise and fall with changes of men and measures. It receives the benefit of the concerted wisdom and harmonious action of all its parts, and is honored alike by the public and those who serve it. Where, however, this principle is disregarded, the affairs of an organization become bound up in the personal and selfish ambitions of particular men and their methods, temperament, and likes and dislikes become dominant factors, and the service a bedlam of discordant purposes. Questions are decided autocratically and men are promoted or ostracised without reference to personal worth. Such forms of management were much affected formerly. They are now rarely to be met with. With time and opportunity for observance, it has been discovered that the self-respecting action of many men is to the wisdom and unselfishness of one man (no matter how great), as the glory of the sun, in its warmth and light, to the fitful flashes of light that dart hither and thither when a thunderstorm envelopes the sky.

Responsibility characterizes the acts of the highest as well as the lowest officials connected with corporations, and the safeguards necessary

to make this responsibility felt are, or should be, enforced in one case as much as in the other. If the conductor understands, as he should, that rigid safeguards are thrown around money in the hands of the treasurer he will be less impatient of restraint. Every man connected with a corporation must feel that safeguards are thrown around the office and not around the man who fills it: that prevention, not punishment, is the object sought; that action is impersonal. These truisms are suggested by the measures it is necessary to adopt to protect the passenger traffic of railroads.

The ingenuity of man has been exercised ever since the first passenger train was run, to prevent any portion of the cash collected on trains from being diverted. Exactly what need there is for these precautions is a matter of surmise. Those who immediately handle the receipts express the greatest desire for the enforcement of such salutary safeguards as will protect the employer and relieve the employe of suspicion. They claim, and very properly, that so long as a loophole is left by which the carrier may be defrauded they will be suspected of taking undue advantage.

In attempting to provide effective safeguards for protecting passenger receipts, many obstacles are met. The greatest is the haste which necessarily characterizes everything done in connection with the work and the imperfect appliances available in consequence. Thus, the duties of

the conductor are so active and his facilities for performing clerical work so restricted, that it is impossible he should be able to do more than render a meager account of his transactions. To obviate this so far as practicable complicated yet simple devices have been introduced from time to time to enable him to record each fare collected, and not only record it but furnish the passenger with a receipt for his money. These devices generally take the shape of tickets, in duplex form, so arranged that the conductor may, by simply punching the ticket in the places provided, indicate the date, points from and to, and amount of fare collected. Both the ticket and the duplicate are punched at one and the same time, and in exactly the same manner. The duplicate is given to the passenger; the original is sent to the company. Many such devices are in use. Their value, however, is largely dependent on the disposition of the persons using them, and the measure of vigilance exercised by the company.

In the devices introduced to guard the collections of conductors, it is sought to make the passenger an auditor. This is done by compelling the latter to give the former a receipt for the amount he collects. The difficulty in enforcing such regulations is the indisposition of the public to co-operate with the carrier. In some cases it is actively antagonistic and in every instance indifferent. The traveler knows that when he pays the conductor for his fare he

will not be called on again for the amount, and that a receipt is not necessary to protect him. It does not, therefore, possess any value to him. Hence, he does not preserve it or observe its accuracy. Herein lies one difference between receipts given shippers for freight charges, and receipts given by conductors for cash fares. In the former case the receipt possesses a value to the person receiving it; in the latter it does not. In the case of the shipper he knows that the transaction is a matter of record upon the books of the company, and that he may be called upon again, in the event he loses the evidence of payment. It is a transcript of charges, some of which may be excessive. He needs it, therefore, for purposes of investigation, and, in the event anything is wrong, it forms the basis of his application for redress. He therefore exacts a receipt, and herein lies one of the effective checks a company has on collections for freight.

Some companies, in order to induce passengers to insist upon conductors furnishing a receipt for cash fares paid, and in order to secure the return of the same, attach a cash value to every receipt, which is refunded to the passenger upon his application to the company. An objection to this plan is that the amount refunded is so small that the passenger will not in many cases go to the trouble of collecting it. It thus passes into the hands of others, who collect the amount or destroy it, as they see fit.

All devices are more or less useful, but their value, as already stated, is largely dependent upon the willingness of employes to carry out their requirements and the measure of wisdom exercised by the carrier in enforcing them. Any of the devices in use may be made to secure approximately the object sought, but in order to attain this the surveillance exercised by the company must be continuous and intelligent, and punishment for neglect certain. This requires the expenditure of money and sustained effort. The money the companies are loth to expend, and without it the best methods possess little value.

Efforts to audit train collections excite opposition and give birth to innumerable misrepresentations. They are the occasion, moreover, of the voluntary or enforced retirement of many valuable men. These unpleasant features have their effect in preventing effective action. There is no reason to suppose they will have less force in the future than in the past.

Another excuse exists, and a potent one, for neglect to enforce salutary rules and regulations concerning cash fare collections. Where such precautions have been enforced it has been found that the few that are dishonestly inclined have turned their attention to other and quite as effective means of defrauding the carrier. This disposition finds its opportunity in the facility with which tickets sold at constituted offices may be used and again sold. It is not necessary that

there should be collusion between the employes of a company, though operations may perhaps be facilitated thereby. A ticket may be turned over to an outside agent to be resold, or it may be returned to the person who sold it in the first instance.

Where such practices are carried on they will be evinced in the light sales of tickets reported and in the length of time that elapses between the date of the sale of a ticket and the time when it reaches the accounting office.

To prevent the resale of tickets efforts have been made to compare tickets sold for particular trains with those collected and returned for such trains. But this method, for obvious reasons, is only partially successful. In some cases passengers do not travel by the train for which they purchase tickets, and although this is not usual, still, the fact that it is so renders it impossible for the carrier to tell, in the event tickets are not promptly returned, whether they are still in the hands of the persons who purchased them, or have been used and withheld to be resold. It is a duty of traveling auditors in visiting ticket offices to discover whether practices of this kind are indulged in. They are required to make a careful examination of the stock on hand for the purpose of noticing whether it presents the appearance of having been used, or if there are any tickets on hand of a prior date. If such tickets exist it is quite possible they will be found in the drawers, or in the bottom of the ticket cases, or other

available places. It is unavoidable, in the operations of business, that tickets will be dated by agents which passengers may not pay for or take away. But it will be possible to distinguish between tickets stamped and not used, and those which have been used.

Upon many lines it is thought impracticable to compare sales of tickets with collections. In such cases the co-operation of traveling auditors may be made especially valuable. If they are discreet and vigilant they may in many cases discover irregular practices connected with the reselling of tickets. They will, however, possess no means of preventing irregularities upon the part of trainmen, further than to observe whether they cancel tickets at time of collection or not.

A necessary and valuable feature connected with the auditing of passenger accounts is the careful comparison of each ticket returned to the accounting office with tickets reported sold by agents. The effect is to prevent the use of counterfeit or duplicate tickets, and to insure the reporting of all tickets returned by conductors. If in making these comparisons tickets collected during stated periods are compared with tickets sold during the same time, the number of outstanding tickets will afford a clue in the event improper disposition is made of tickets once used.

A practice that is becoming more and more general, of limiting the time within which local and interline tickets may be used—after being

purchased—has the effect to greatly restrict the use of tickets a second time. If a ticket is good for an unlimited period it may be sold, taken up and resold again and again on the street. But if it is only good for a few hours, ability to make use of it a second time is greatly restricted, if not rendered practically impossible.

There are many means of defrauding carriers in connection with the conveyance of passengers with which they are familiar, but which prevail, more or less, in spite of preventive measures. One of the evils lies in the indisposition of passengers to pay their fare. It is persistent. Commuters on suburban trains have, for instance, been known to pick from the floor of the car the little bits of paper punched out of their tickets by conductors and reinsert them in the ticket for the purpose of saving a ride worth a few pennies. This practice gave rise to the introduction of a punch with a pouch attached in which is collected the bits of paper punched out of the tickets.

If the fare collected by conductors was the same, in every instance, there would be no difficulty in throwing around the business such safeguards as would secure approximate fidelity. The word approximate is used, because it is impossible to secure absolute fidelity where a large and constantly changing force is employed. The minute, energetic and continuous efforts of street car companies, prosecuted under the most favorable circumstances, has demonstrated this

In theory, a minute particle of paper drops into the pouch attached to the punch every time the bell of the street car conductor rings; nothing could be more simple or apparently more effective, and no one, we may imagine, would attempt to evade it. In practice, however, the bell does not always ring when a fare is collected. By an ingenious substitute a bell rings, but no audit of the collection takes place, leaving the collector free to appropriate the amount.

In stores, restaurants, hotels, and in sleeping, dining and drawing room cars, attempt is made to surround the collections with safeguards. One official holds in check another while his acts are in turn observed by a third. Notwithstanding these precautions irregularities occur. This fact does not prove that safeguards are not necessary; it only proves that their operation is attended with difficulty.

No matter what precautions are adopted, some man or cabal will find means to evade them. But if proper measures are taken to ascertain whether safeguards are observed or not, those who disregard them cannot long do so with impunity. Devices, for instance, adopted to prevent the explosion of boilers are of no use as safeguards unless systematic effort is made to see that they are properly enforced. This is so in regard to devices introduced to secure faithful ticket accounting. They have no permanent or marked value unless continuous and intelligent effort is put forth to enforce them.

One of the means of defrauding carriers is the ingenuity displayed by passengers in evading the recognition of conductors, so that the utmost watchfulness is required to be observed at all times by the latter. Thus, a passenger sinks into his seat with the wearied air and sleepy manner of a person who has traveled hundreds of miles, hoping thus to escape notice. Another will alight at one end of the train and re-enter at the other. Commuters will neglect to renew their tickets and trust to chance that conductors will not discover the fact. Misrepresentations in reference to the age of passengers will be frequent and persistent. Tickets designed for the use of particular persons will be loaned to others. Passes issued through the courtesy of carriers will be hawked on the streets for what they will bring. Seated between two ladies, and covered by their ample skirts, a person of nineteen will seek to pass as a child of eight. Passengers will haunt the water closets and wash rooms in order to evade notice, and, in desperate extremities, will find quarters on the trucks and roofs of the cars.

It is the duty of trainmen to discover and correct every attempt to evade paying fare. This is the theory and custom. It is the duty of traveling auditors and other employes to assist in this respect. A company is entitled to just compensation for its services, and every person in its employ, no matter who he may be, is bound to take notice of any attempt to defraud it, and do

all in his power to prevent the wrong. Railways assign men to particular duties and interference upon the part of others is not generally desirable, but if anyone is unable, for any reason, to fully perform the service expected of him it is the privilege and duty of other employes to come to his assistance. The material thing is to see that the carrier is not wronged. Exactly how he receives his dues, or through whose agency, is not so material. Wherever this is appreciated operatives and officers will not resent the co-operation of associates but will welcome it whenever their employer may be benefited thereby.

In auditing tickets and accounts at an agency, it is necessary that the traveling auditor should ascertain whether any tickets are missing or not. In order to do this he must take with him a statement giving the commencing and closing numbers of tickets on hand at the beginning of the month or week, as the case may be. A record of tickets sent to each station is kept by the custodian of tickets; it embraces, with other things, the commencing and closing numbers of the various forms. With the information obtained from this record the traveling auditor will be able to ascertain what tickets have been sold, what should be on hand. When a local ticket is missing, the lowest number on hand should be inserted in its place, the number being changed to correspond to the one that is missing. The number vacated should be reported in the current day's sales. The accounting office should

be advised of corrections of this kind, also of other irregularities discovered.

To prevent confusion, and enable the agent to keep himself advised of the tickets he is responsible for, and the better to enable him to guard against the supply becoming exhausted, he should keep a record of tickets received, sold and on hand. A register should be used for this purpose. It should provide for tickets received, sold, stolen, disposed of, returned, and on hand.

In the operations of business it is sometimes necessary to cancel a ticket after it has been sold. Such tickets should be forwarded, with the return, to the accounting officer, with an explanation. Invoices received with tickets should be preserved and the receipts accompanying tickets promptly signed and returned.

Agents should count tickets received for use to see that quantities and numbers are correct. In the event they are not, necessary alterations should be made in the invoice and receipt.

Agents should make frequent examinations of tickets on hand to ascertain if any are missing. In pursuance of this tickets should be counted and inventoried as often as once each month.

It is a duty of traveling auditors to satisfy themselves that every ticket is plainly and legibly stamped when sold. Unstamped tickets are illegal. The stamp, moreover, fixes the date of sale, and thus determines the length of time between the sale and the arrival of the ticket at headquarters. The stamp is a protection to the

company and the agent in other respects. The die and ribbon should be kept clean and fresh so that the impression shall in every case be plain and legible.

In the event a ticket office is entered by burglars and tickets stolen, the traveling auditor (or in his absence, the agent) should at once notify conductors on the routes over which the tickets read, giving a description of the same, and particulars of loss. Notice should also be sent at the same time to the proper officer. The police should also be furnished a description of the property stolen, and every assistance given them in their efforts to apprehend the thief. It is rare that a ticket office is broken open with the view solely of stealing tickets. Probability of detection is too great in disposing of such goods. However, if tickets are stolen, action should be prompt. No precise course of action can be laid down beyond that described. It will be governed by circumstances, the object being to recover the property and apprehend the thief.

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Before it became a practice to keep a record of this kind great confusion existed, and it was not always possible to tell what overcharges had been refunded and what had not. The result was that if the claimant never made reclamation the amount inured in many cases to the agent. He was thus benefited. By preserving a record of every overcharge and the disposition made of it by the agent, the opportunity to do wrong is greatly lessened and the service correspondingly benefited. It is found that more or less overcharges are never called for. Such amounts as are not refunded within sixty days after the overcharge occurs should be conveyed permanently into the treasury of the company, by charging them to the agent. Afterward, in the event the overcharge should be claimed, it may be adjusted by voucher directly from the general office.*

Traveling auditors should examine the overcharge record to see that amounts refunded are properly receipted for. They should check the record with the freight received and cash book also, to see that overcharges are duly and properly entered in the record.

Overcharges should never be entered on the

* It is the practice upon some roads to provide money at stations for paying overcharges. The agent procures this money by deducting the amount from charges on way bills. Thus, if he has to pay a shipper $10, he deducts that sum from some way bill. In this way claims are settled without any record being made on the general books of the company, instead of by voucher from headquarters.

cash book as paid until actually refunded. Overcharges should only be refunded to the person to whom due, or upon his order.

A vexation in connection with the accounts of a railway is moneys received for prepayment of charges on property to be rebilled over two or more lines. It was long the practice for the agent to whom the money was paid in the first instance to take from it the amount required to satisfy the charges over his line and send the balance forward by express or otherwise to the next forwarding agent, to be turned over by him to the succeeding company, and so on to the end. The delay attending the transmission of money in this way and the danger of loss suggested the necessity of a more safe and expeditious method. It was found by adding another column to the way bill, called "Interline charges prepaid." All charges belonging to companies beyond the point to which goods are billed are entered in this column. The amount thus entered is charged by the accounting office to the billing agent and credited to the receiving agent. The latter pays the amount to the agent of the connecting company. The method is direct, simple and effective. It avoids the transmission of money between agents, and accounts adjust themselves in accordance with the facts without special attention.

It will frequently occur, however, that the amount will not be sufficient to cover the charges

over all the lines. It may have been too small in the first instance, or some of the companies may have charged more than they should. In the event the amount falls short, the deficiency is entered in the unpaid column of the way bill, the same as in those cases where charges follow the goods. On the other hand, it will sometimes occur that the amount will be in excess of the sum required. In such event the excess should be transmitted to the collecting officer of the terminal company, and a statement of the facts rendered, so that a proper record of it may be made and the amount refunded if the person overcharged can be found.

Moneys collected for prepayment of charges over connecting lines are exceptional in character and afford unusual opportunities for wrong doing. Traveling auditors, consequently, exercise especial vigilance. Diligent search is instituted by them at every station to see that interline prepaid charges, and indeed prepaid charges of every description, are entered and accounted for.

At junction points credit is to be allowed the agent only for such charges as he has actually paid to the connecting line.

In consequence of the number of persons through whose hands interline prepaid charges pass, and the time that elapses between the prepayment of the charge and the final delivery of the goods, it is exceedingly difficult to secure an immediate and adequate check on collections of this kind. For this reason traveling auditors

must exercise astuteness, first, in preventing irregular practices, and second, in discovering them if they exist.

In the event property upon which charges have been prepaid is billed forward as unpaid, the fact cannot long escape notice. In the same way if fictitious amounts are added as advances the fact will be discovered. The object to be sought, however, is to prevent their occurrence in the first instance.

Fraudulent practices, in connection with prepaid and advanced charges, are only one means of obtaining money improperly.

The devices used to mislead and defraud in connection with prepaid charges are numerous. They are the reverse in method of those used for like purposes in connection with advances on property received for shipment. However, the traveling auditor remembers that the billing agent is benefited by neglect to charge him with the full amount of prepaid moneys he collects, or by giving him credit for having advanced more money on goods than he actually paid out. When wrong is contemplated the method generally adopted is to enter the correct amount on the way bill. A fictitious bill is then made and copied in the impression book. In this latter the prepaid charges read unpaid, or advanced charges for fictitious amounts are inserted. Perhaps both means are made use of. The object in every case is fraudulent and designed to deceive the examiner. In some instances prepaid charges are

suppressed entirely on the original way bill and charges made unpaid.

No system can be adopted that will in itself protect a company. Correct methods may, however, always be advanced by requiring everyone to receipt for money collected and to exact receipts for moneys paid.

In the former case, possession of the receipt by the public is a safeguard to the company; in the latter, possession of the receipt by the agent is evidence of the authenticity of his claim for credit. Opportunities for wrong doing in connection with prepaid charges are not great, for the reason that transactions are comparatively light. This fact, coupled with the safeguards that the giving and taking of receipts afford, is, in the majority of instances, sufficient to prevent irregular practices. Examiners must not, however, overlook opportunities for deception, however meager. They must remember, in this case, as in others, that a thing that appears to one person to be petty may seem to another great.

The tendency to exaggerate the formulas that are observed before relieving agents of amounts improperly charged to them in the accounts, grows. Dead and worthless assets of this kind accumulate while red tape stretches out its interminable length. Around every item there grows up a bill of cost for clerk hire, stationery and incidental expenses. Delay and technical observance are even more acute in the settlement of

claims in favor of the public. An actual occurrence has been noted where there were eighteen hundred inquiries and replies in connection with a claim for seven cents. This spirit animates, more or less, every claim department. It is unavoidable in a measure. A thousand dollars is spent to verify a claim of twenty-five cents lest a bad precedent be established or fraud precipitated. It is precaution run mad. Agents are oftentimes badgered for years in reference to claims for relief which should have instant attention. There is no intentional wrong; no intention to be unjust; no intention to harass anyone. The purpose is to protect the company. The trouble in the main is that investigations are made by subordinates. They are not permitted to exercise any discretion whatever. The result is that the same formulas are observed in connection with differences of a few cents that are followed in the case of a claim involving millions. What is needed is a more minute division of responsibility, ability on the part of examiners to distinguish between claims which should be followed to the utmost stretch and those which should be be passed upon less formally.

When an agent's account is entitled to relief, he should be relieved without a moment's delay. If the amount involves a possible claim against a patron or connecting line, the record can be kept at headquarters better than at the station, where it is a perpetual cause of anxiety to those in charge, and an object of suspicion to examiners.

When application for relief made by an agent does not receive attention it should be followed up by a reiterated demand. Let importunity be frequent and loud if reasonabe diligence is not exercised at headquarters.

In case of charges on lost freight the reclamation voucher should be made as soon as answers are received to inquiries. If not made then the facts are liable to be forgotten, and the claim require to be reinvestigated. Reclamation vouchers for charges on damaged and destroyed freight should not be delayed beyond a few days; the fact that immediate relief should be granted in such cases should be impressed upon agents.

In the operations of business it will unavoidably occur that there will be many consignments of unclaimed, refused and lost freight, the charges upon which appear in the station accounts. The law stipulates the period of time that unclaimed property must remain in the possession of the carrier before it can be sold. Legal conditions must be scrupulously observed. Further than this there is no obligation.

Property on hand at stations refused by the consignee should receive prompt attention by the department having such matters in charge. In cases of lost, damaged and worthless goods, the agent at the station to which the property is waybilled should be indemnified for the uncollectible charges as soon as the report of the same

has been received and verified. The same course should be followed in connection with unclaimed and refused property. It is not expedient to wait for the sale or final disposition of such property before allowing the agent indemnity for charges, but it should be effected upon receipt of the report of the facts or as soon as the correctness of such report can be verified.

In indemnifying an agent for uncollectible charges on consignments of unclaimed, lost and refused property the amount should be credited to the agent and charged to the claim agent by journal voucher, or otherwise, a statement of each item with a full explanation thereof being appended to the voucher. This voucher should be made by the claim agent from the original papers and should cover all amounts for uncollectible freight charges to which agents are entitled to indemnity at the close of the month or week, as the case may be.

This procedure will obviate the method of settling indemnifying claims by individual vouchers in favor of the various agents, and will decrease the clerical work connected therewith and at the same time expunge from the balance sheets a lot of rubbish that will be less vexatious if concentrated in one place. Afterward the claim agent may be relieved of amounts thus charged, as circumstances dictate.

When indemnity has been allowed agents for charges on unclaimed and refused property a record should be made of the property showing

claim number, description of way bill, station at which the property is stored, and, finally, how disposed of. This record is of great value, and should be complete. When the property is sold the proceeds should be remitted to the account of the claim agent. If otherwise disposed of the record will show in what manner.

No indemnity should be allowed a station agent or other person for uncollectible freight charges, without first referring the claim and papers to the freight auditor for the purpose of ascertaining whether the amount has been charged to the agent on the books of the company or not.

Traveling auditors in examining the accounts at stations must verify claims for charges on goods. Each package must be examined, and the description compared with the record books. Amounts must also be similarly verified. It is possible that charges may have been paid by owners and the goods left in the possession of the company. Inquiry must, therefore, be made to ascertain whether this is the case or not. For each consignment of uncollected freight there should be on hand an unsigned receipt or freight bill. This is corroborative (but not conclusive) evidence that the charge has not been collected by the agent.

The care of money involves experience in handling and a proper appreciation of the risk attending its custody. An intemperate or careless person is unfit to handle money; he is certain

sooner or later to disregard some necessary precaution. Risk attending the handling or custody of money never ceases for a moment. It is present when cash is received and counted, in the placing of it in a secure receptacle, in the watchfulness with which it is guarded afterward, and, finally, in sending it away. If the custodian is not thoughtful and experienced he will not realize until too late that neglect to observe every precaution will sooner or later entail loss of the funds in his hands. The vicious in society are perpetually on the lookout to discover some weak spot in the safeguards that those who handle money throw around it. Every act of such a person is noted, and if he is negligent the fact will certainly be known and advantage taken of it.

Some of the conditions essential in handling money may be briefly summarized. In the first place it should be carefully counted and examined when received; it should then be placed immediately in the cash drawer or safe. Only money required to make change should be kept in the cash drawer. This receptacle should be locked when not in use, even though the person in charge remains in the office. When the office is left without a responsible person in charge the money should be placed in the safe. The latter should be kept locked. The combination of safes should be changed at frequent intervals, in all cases as often as there is a change in the station force. The combination of the safe should not be

entrusted to young or irresponsible persons. At the proper time for making the daily remittance the cash should be classified, carefully counted, made up in packages, securely sealed in the proper envelope or receptacle, the amount clearly stated on the package, and the latter addressed in a plain, legible manner. The work of making up the package and delivering it to the express messenger should be performed by experienced and tried men.

It is the duty of agents to see that remittances are made at the proper time, and that whether delivered to an express messenger, bank, or officer of the company, a formal receipt is taken.*

In the handling and care of money nothing is to be taken for granted. It is not enough to believe that receptacles are locked; belief must be verified by frequent examinations. The person in charge must assure himself personally, both by day and night, that the rules governing the handling of money are intelligently and faithfully observed. Unless he do this it is certain that the funds entrusted to his care will, sooner or later, be lost, and all those in any way identified with him, immediately or generally, embarrassed thereby.

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* When there is more than one package to be receipted for by a messenger, some express companies require their messengers to bracket the list of packages, noting the number and signing opposite the last entry. This receipt is undoubtedly binding and is made in this way to accelerate business and avoid the holding of trains at stations.

Where shortages exist, many ingenious devices will be employed in the attempt to cover them up. One of the most common is to borrow the amount necessary. Traveling auditors, after working for hours, perhaps days, will in the end be presented by the delinquent with a lump sum to balance the account. This, after having previously assured themselves that the money counted by them on commencing the examination covered all there was on hand. Various excuses will be forthcoming. Among others the claim that the money was placed apart for some special reason and overlooked in the first instance. It will not be difficult, however, to detect such subterfuges. It is not enough that the person examined has sufficient money to balance his account. It should correspond with the balance of the cash book and should harmonize with collections made since the last remittance.*

An ingenious device for covering up shortages is for the delinquent to make up an express package for the amount, as if about to be remitted. Deceptions of this kind, like that already referred to, may be detected by a proper inquiry and examination.

While it is extremely difficult to determine exactly the amount of cash collected at an agency since the last remittance, and properly forming

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* The first thing that a traveling auditor should do, upon his arrival at an office that is to be examined, is to call for and count the cash, and to be particular to ask if the amount counted is all the money on hand belonging to the company.

a part of the cash balance, approximate knowledge may be obtained. Among other things, it may not be possible to determine exactly the amount received from sales of tickets and forming a part of the balance of cash. However, in attempts to cover up shortages in this way, current sales will be abnormally large. Moreover, if the sales are afterward compared with the tickets actually collected and returned by conductors the dates stamped on the tickets will show whether they were sold on the day of the examination or not.

This subsequent examination or auditing of the account at headquarters should be made in every case, whether there is reason to suppose anything is wrong or not. It involves but little labor and is necessary on many accounts.

When freight charges are not entered on the books at the time they are collected it is difficult to determine the fact. If, however, there is reason to believe that such omissions occur, the entries should be compared with the receipts in the hands of consignees. The latter may be procured from the holders without exciting comment, on the ground that they are necessary to verify the accounts. References of this kind are not unusual in commercial and banking circles, and do not therefore excite remark. It may be possible, however, that a comparison of the entries on the cash book and on the freight received book may show that the date of collection does not correspond with the date the money

was accounted for. When this is the case further reference is unnecessary, unless it it claimed that payment of charges was not made on delivery of freight.

When money is borrowed to cover up a deficiency it may appear in the accounts on the day previous to the examination, or even earlier. If, however, the time of the examination is not known in advance it will very likely appear in the current day's transactions. There is no objection, it may be stated, to anyone borrowing to make good a deficiency in his accounts—but it is important that the fact should be known and proper action taken to prevent the company being taken advantage of again.

It is impossible to explain in detail the methods that will be adopted to make it appear that money borrowed to cover up deficiencies has been collected in the regular course of business. But it will be possible to expose impositions of this kind if the details of accounts are minutely scrutinized and traced.

Prevention of wrong is the first duty; temptation to do wrong should be removed. For this reason it is a good rule to require that moneys collected by agents shall be remitted daily to headquarters. The rule should be imperative. If rigidly carried out, it is apparent no defalcation can occur. Its effect is to inculcate regular habits and to lessen the incentive to do wrong. The less money custodians keep in their hands

and the more often they are required to account for it, the less likely they are to succumb to temptation, to forget that they are custodians merely, not owners.

Withholding the funds of a company, if it does not suggest wrong, occasions risk through liability of loss by theft or accident. Moreover, every company requires the use of its funds, and if remitted with dispatch there will always be a large sum in course of transmission.

Only those familiar with the inner workings of railways appreciate the magnitude of unproductive capital in their business; it appears in the balances against agents, conductors, connecting lines, express companies, governments and individuals, and in the supplies of material and fuel in store. Every reduction in these amounts possesses a positive monetary value to the company interested. And this reason, if no other, suggests prompt remittance of collections by agents and others.

The daily counting of the cash and balancing it with the cash book and other records is a necessary check upon accounts; one that agents cannot dispense with.

Collections should as a practice be remitted by the last train, as retention involves risk that no one can care to assume. As little money as possible should be kept over night.

Where a shortage exists it is necessary for the agent to cover it up in some way in his balance

sheet. It may be done by borrowing, or the deficiency may be covered up by manipulation; thus, bills that have been paid may be reported in the balance sheet as "uncollected," or the last remittance may be held until sufficient money has been received from subsequent business to make up the deficiency. The last named practice for concealing delinquencies may be suspected by delay in receiving remittances at headquarters.

Where deficiencies are covered up by adding fictitious sums to the list of uncollected charges, the account will be swollen thereby and will be likely to excite investigation, if carefully scrutinized. Fictitious credits other than those connected with cash or uncollected charges may also be inserted in the balance sheet. In order to prevent this, each item should be carefully analyzed and its authenticity determined.

When the accounts of a station are examined, it is advisable to ascertain the condition of affairs at the time the last account current was made, as well as at the time of making the examination. This anterior scrutiny is suggested lest, through the borrowing of money or other device, a shortage existing at the time of making the examination may be successfully concealed. If the true state of affairs in one instance is not discovered, it may be by this process in the other.

Delinquents seek in every possible way to cover up their deficiencies. Devices are numerous and ingenious. Any one of the items that

make up the agent's debits and credits may be used to cover up a shortage. It is important, therefore, that each head should be examined to see that nothing is improperly added or omitted; remittances should be made on the day claimed, and for the amounts stated; the working fund should be on hand; the amount of uncollected bills should be correct; the statement of charges advanced should be right; moneys said to have been paid on account of vouchers, time tickets and for other purposes should be truly stated; uncollected charges on lost or missing property and on material for the company and similar purposes should be authentic; prepaid charges, ticket sales, unrefunded overcharges, extra baggage collections, miscellaneous receipts, collections for others, must, one and all, be honestly stated.

It will facilitate affairs materially if, when a cash transaction occurs, the details are carefully entered on the cash book; the latter will then afford reliable and necessary information, without which accounts cannot be accurately kept. Promptness is essential. Any other plan of keeping accounts is unreliable and calculated to develop uncertainty and error, if nothing more objectionable.

Clearness and accuracy will be greatly increased by keeping the cash book and other records according to the prescribed form. It is the form best calculated to facilitate examining and balancing the accounts. Moreover, the footings

throughout every record should be carried forward day by day to the time the account current is closed, so that the accuracy of the latter may be proven thereby. Transactions of every character should be recorded so concisely and clearly that additional information will never be needed to make the record and its relation to the accounts clear and intelligible.

If books are properly kept every entry will be complete; figures will be entered in proper columns, and so placed as to secure rapid and accurate footing; correction of errors will be made on the cash book and other records day by day as discovered; the footings of the cash book will show at the bottom of each page (up to the time of closing the account current), and will thus facilitate detection of errors; all entries affecting "short" and "over" remittances will be adjusted by proper entries in the current day's business and reference to the fact made on the page which shows the original entry. Slovenliness in keeping the books and neglect to record transactions at the time tend to create confusion and are the prelude of more objectionable practices.

It is sometimes assumed that moneys collected by the agents of railroad companies on account of express, telegraph, insurance and kindred purposes do not concern the company because belonging to others, and, therefore, that no occasion exists for traveling auditors to take account of

the same. This is not true. Nothing originates with the agent personally. Everything hinges upon the position he occupies, and as the company creates the conditions they are subsidiary, so that any business the agent performs or any profit that accrues to him from these auxiliary occupations it may very properly take cognizance of.

Moreover, in order to ascertain whether the company's accounts have been faithfully kept, it is necessary that all accounts with which the agent has to do should be audited. Otherwise, collections in which the company is not interested may be used to cover up deficiencies in its accounts.

It is important that the funds of the company should not be mixed with money belonging to others. When an agent is permitted to handle money belonging to others, such funds should be kept separate and the amount thereof must be ascertained and determined by the traveling auditor in making his examination.

Traveling auditors should compare the cash book with the freight received book and other records in making examinations, for the purpose of ascertaining whether the dates upon which deliveries of freight and kindred transactions occurred (as shown by the records) correspond with the dates upon which the cash was reported as received, as shown by the cash book. For this

reason dates must be inserted in the record books as each transaction occurs.

When collections are not made at time of delivery of property the dates will not correspond, but these will be exceptional cases and will stand by themselves.

The requirement that each collection shall be inserted separately on the cash book at the time of the transaction is a necessary safeguard for the agent as well as the company. The rule should, consequently, be followed. If there are errors to be located in the accounts, it will not always be sufficient for the traveling auditor to compare the cash book with the freight received book. The whole ground may have to be gone over, commencing with the list of uncollected bills on hand at the close of the last account current, which list should be compared with the cash book item by item.

To intentionally falsify the cash book, by wrong entries or omissions, is *prima facie* evidence of fraud. This record book is one of the most important kept by a company. Without it the agent cannot feel confident that his figures are correct. With its aid he is able to assure himself from day to day of the accuracy of his accounts. In the event of errors or omissions it is an aid in locating them. Any examination, therefore, that has for its object the verification of the accounts and methods of agents must take cognizance of the

manner in which the cash book is kept. If the accounts are faithfully written up nothing more serious than clerical errors will be discovered. If, on the other hand, there is a disposition to defraud the company, it will be attended by intentional errors and omissions.

Economy of labor may be exercised in connection with the clerical work at stations by making suitable provision for the returns in advance. Not only are the statements more satisfactory when the work is anticipated, but the burden of compiling is greatly lessened at a period when work is especially pressing. This is the case with the traffic returns. It is practically so in regard to the balance sheet. This is a *résumé* of the business, and in order to make it balance, the various parts must fit into their places with the nicety of mosaic work. The slightest error throws it out of joint. In order to prevent this, care should be taken in advance to see that no mistake has occurred. The most effective way to do this is to make an advance balance sheet. In this way the agent will ascertain whether the last remittance in the order of business will exactly balance the account. If it will not, it is apparent that something is wrong, and search should be made to locate the trouble. Every item that enters into the balance sheet affects the cash, because every item represents cash or its equivalent. If it is found that the money on

hand does not balance the account it should not be assumed that the cash is wrong, but the various items that make up the balance sheet should be scrutinized in detail. In the event they are found to be correct, then the cash must be wrong. For the purpose of determining these facts a special balance sheet should be made before the last remittance is sent forward, prior to closing the accounts for the month or week, as the case may be. In this way the agent will be able in time to discover and correct any mistake he may have made, and thus bring his accounts into balance and make them conform to the general books of the company.

It is essential that the traveling auditor should carry out in his own practices the things he requires of others. In no other way can he secure or retain respect. He must be the equal or the superior of the best. There can be no exception to this rule.

Officials must always be the superiors in experience and talent of their subordinates. They must know when the latter do right, and must be able to instruct them when they do wrong. In no department of the service does this principle find more apt illustration than with traveling auditors. Their duties are those of examiners and instructors. Their position is not sufficiently high to shield them a moment in the event they are unfit. They can retain the

respect of those with whom their duties bring them in contact only so long as their character, knowledge and talent entitle them to this distinction. Their duties must be creditably performed. They must be able to unravel the most tangled web in accounts and follow the most intricate path. Unless they can do this they are not competent. Thus, when they have completed an examination they must be sure, and the incumbent must also be sure, that it has been thoroughly done. Every omission must have been discovered and every error located and corrected. For this purpose and for subsequent reference, they should summarize their work in an account current.* This must balance to a cent. The fact that it does so is an evidence of correctness. In the event it does not balance, the occasion of the difference must be ascertained and corrected. The balance sheet, when perfected, should be carefully filed away for future reference.

The duties of the traveling auditor require minute information in regard to current matters at the agencies examined by him. The official in question must be something more than a clerk. He must possess general as well as specific information. He must understand the geography of the line; also its connections and junctions; all its sources of traffic. He must be able to outline the business as a whole and in detail; to explain the practices of men; how

* See Appendix, Form No. 1.

business is acquired and retained; the machinery by which it is handled; the relation of the agent to the public; the duties and responsibilities of carriers and their rights; the police and sanitary regulations of stations; the duties of employes in the office, warehouse and yard; how cars are handled; the care of yards and sidings and other property belonging to the company. But especially and particularly must he be versed in the methods and subtleties of accounts, tariffs, classifications, handling of baggage, the ticketing of passengers and the care of the company's funds. The machinery by which these things are simultaneously carried on is so nicely adjusted that its operation constitutes a science. It is not probable that the traveling auditor will be able to master all the subtleties of the business of common carriers, or learn all the duties and responsibilities of their servants, but a good understanding of such matters comes within the domain of his office, and is especially valuable in connection with the breaking in of new and inexperienced men. He must, therefore, strive to attain proficiency.

As intimated elsewhere, it is not always possible at the time of making an examination to determine finally as to its completeness. Information may be suppressed or distorted so as to produce fictitious results. The disposition to do this will be found wherever there is a shortage. It is the sequence of dishonesty and forms a

link in the chain by which defalcations are covered up.

When a disposition to mislead exists, it will find expression in many ways, some of which we may enumerate here. In the first place, way bills for freight, extra baggage, express and other business received or for prepaid charges on goods forwarded may be suppressed; the amount of charges on prepaid freight may be incorrectly stated; the advances that have been made on goods may not have been as much as claimed; the amount of local and other charges collectible by the agent and due from him may not be correctly stated.

To determine in regard to these matters, abstracts of way bills forwarded and received since the date of the last settlement or account current must be made and forwarded to the proper accounting officer for investigation. It is the duty of this officer to compare the way bills forwarded and received up to the time of the examination with those embraced in the traveling auditor's abstracts. In this way, if way bills have been suppressed, or if the amounts claimed thereon do not conform to the facts, it will be discovered.

The statements of local, interline and other forms of tickets, compiled by the traveling auditor in ascertaining the condition of the station accounts, should be forwarded by him forthwith to the accounting officer so that this official may see that no tickets sold up to the time of the

examination were omitted. The ticket return may also be used for another purpose by the accounting officer, viz.: to see if the tickets sold for the last trains that passed the station in either direction prior to the examination are promptly returned. In this way the returns of traveling auditors may be made to serve the purpose of a train report of tickets sold. It will cost nothing to do this, and as every station will be visited in the course of a year it will follow that the accounting officer will thus be enabled, in a measure, to determine whether tickets sold by agents and collected by conductors are promptly returned to headquarters.

In making examinations traveling auditors should take with them the commencing numbers of tickets. If they do not have these, their returns to the accounting officer should give the commencing numbers used by them in their investigation and embody a request that he ascertain whether such numbers conform to the records of the company or not.

Traveling auditors should also take with them a list of remittances made by the agent whose accounts are to be examined, which have been received at headquarters since the last settlement or account current, so as to see if they conform to those claimed to have been made by the agent. A special report of remittances not contained in such statement (in course of transmission or otherwise at the time of making the examination) claimed by the agent should be

made to the accounting officer for verification. In the same way a statement of drafts claimed to have been drawn on the company by the agent, since the date of the last settlement or account current, should also be transmitted to the accounting officer for verification.

In examining station affairs, if the traveling auditor is not able to verify the accuracy of the agent's accounts from independent sources he should take measures to secure such verification subsequently. If this practice is observed, no form of deceit attempted will long remain unexposed. The fact that this is so will have the effect to prevent attempts to deceive. The accomplishment of this last named object should be the aim of everyone.

It is not practicable or expedient for traveling auditors to examine into the affairs of stations outside of the accounts. The things to be considered are familiarity of the agent with his duties, promptness in attending to them, degree of order and cleanliness about the station, treatment of the public, and so on. The measure of faithfulness and intelligence he observes in keeping the accounts must be stated fully and frankly. If the incumbent be honest, zealous and capable the fact must be noted; if he be honest and zealous but not capable, it must be stated; if honest and capable but not zealous, it must be stated, or if zealous and capable but not honest, it must be

so reported. In a word, the aim must be to state the facts exactly as they are, showing as much or more zeal in recapitulating the virtues of agents as in recounting their faults.

It must be borne constantly in mind that it is the disposition of men to do right; that only a few fail. But the fact that there are failures renders it necessary to employ skillful inspectors to make periodical and searching examinations.

It should be the aim of traveling auditors and others who are compelled, in the course of business, to furnish information from time to time in reference to the antecedents, character, habits, intention and capacity of employes, to state the facts impartially, to speak of things as they are, and

"Nothing extenuate nor set down aught in malice."

No injustice can then be done to anyone.

The books and papers constituting the records of stations should not be sent away or disposed of except under the direction of traveling auditors, or other authorized persons. Unless otherwise instructed, records should be retained at the stations until outlawed; this period varies in different states, and in order to cover interstate business records must be retained for the longest period over which the statute of limitation extends in any particular state. After that no claim against the carrier for loss, damage, overcharge, or other purpose, as represented by the

records, can be prosecuted. Consequently, after this date such disposition may be made of records as is thought proper.

It is the duty of traveling auditors, when visiting stations where old records have accumulated, to personally superintend the boxing and waybilling of such as are to be shipped away.*

Railway forms differ according to the exigencies of business and the idiosyncrasies of accountants. The marked excellencies that every accountant attaches to his system, or the isolated forms introduced by him, is a notable feature of business, not only upon railways, but everywhere. The accountant, like other men, loves that which he knows and clings with tenacity to that which he has. The unknown to him is a dangerous sea, enveloped in fogs, filled with cataclysms, swept by relentless winds, treacherous, dark, measureless; a space governed by mysterious currents upon whose bosom no wise man ever knowingly ventures.†

Every accountant finds it necessary to teach patiently and with infinite labor the devices and forms which he has instituted for guarding the

* It would be well perhaps for the storekeeper to retain the cash books and overcharge books indefinitely, or until the agent they affect has left the service of the company and his accounts have been finally audited and approved.

† As the writer of this has had more or less to do with accounts all his life, no one can accuse him of personality. Nor indeed can he be accused truthfully of having written anything personal, either here or elsewhere, in regard to anyone.

treasures he is expected to account for. The alteration of one cog in the wheel he has so laboriously constructed involves rearrangement and tightening up of every cog, otherwise the whole will fall to pieces. This he knows, hence he abhors change.

Many of the devices introduced by accountants of corporations are wonderful. On the other hand, many are inadequate, perhaps cumbersome, oftentimes silly. They are dear to their inventor or user, however.

The peculiarities of the accountant are observable in all men of sedentary habits. Intercourse with the world and active competition in its affairs teaches toleration and excites skepticism in regard to the superior excellence of particular forms. The true accountant is sometimes intolerant, but his rest is never disturbed with forebodings as to the value of the methods he employs. Wrapt in the darkness of isolated knowledge he eats and sleeps well and dies full of years, content with his record and happy in its conscious rectitude.

This singleness of purpose and devotion to particular ideas, however few and limited, is an evidence of trustworthiness not to be overlooked or lightly regarded in selecting an agent to examine into details of affairs, to watch the incomings and outgoings; to record the measure of faith observed by those in charge of affairs. Such men are to be trusted; not for advice, but as scribes; not to entrap lions perhaps, but hares.

Preferring the right but quick to feel that responsibility does not rest with them, they are amiable and acquiescent in every reasonable contingency of life. There are accountants and accountants. Some are so from necessity, others from choice; to the former the duties are abhorrent, to the latter exhilarating. Anybody may become an accountant; not everyone may escape becoming one. The office affords bread and raiment, however scant, and is better than the open street. It is an eddy, from which escape is impossible. Like the toad at the bottom of a well, the occupant observes the light, but does not always feel its warmth. He sees the world through a window in which the panes are oftentimes filled with curious deflections that dwarf the passer by or cause his features to assume innumerable grimaces. To open the window is to invite the draft; that will not do; active currents of any kind chill him. The cage in time becomes his normal abode. Within it he feels secure, outside he walks like one who does not understand the use of his legs or why he has legs.

There are many different kinds of accountants. All, however, possess certain general characteristics. The accountant most loved and trusted, however, is he of the expectant manner and watchful eye, who anticipates our slow speech, and is continually snubbed for his pains. This man bothers us, but we give him the preference because a nod brings him, while a frown causes him to retire with headlong precipitancy.

The ideal accountant whom nobody likes is full of inconsistencies, unlovable, gloomy, filled with forebodings, frequently selfish, pugnacious, laborious, usually dyspeptic. He cares nothing for men; they are like the headings on his books, animate to-day, dead to-morrow. To him the acts and records of men are but reproductions of an account current, statements written with different kinds of ink, blotted, altered in many parts, seamed with erasures, interlined, incorrectly balanced, never perfect. Nevertheless his ideal is perfection, technical goodness, abstract honor. He is the terror of the sinister and the designing. They blackguard him when he is absent, and nudge one another when he passes by. But to him, directly, they are always respectful. The bolder attempt to terrorize him, and afterward (as his reticence is proverbial) recount his abjectness. But of this he cares little. He is accustomed to misrepresentation. Moreover, he bears his defamers no malice. Strange inconsistency. The reason is that to him men are but figures, to be kept in line, marked off, added up and balanced. He has followed too many funeral processions not to realize the shortness of business success; the futility of its overreaching ambitions. He strives to please and would like to be a favorite, but does not possess a single element of popularity. This absence of magnetism, of which he is happily unconscious, causes him to wonder, and he frequently resolves within himself that he will cultivate men. He would like to

be on good terms even with his natural enemies, the unfit, the greedy and the rapacious of society. With an inanimate eye and leaden face, his countenance does not belie his temperament. Cold, restricted in his sympathies, isolated, poorly paid, without supporters, often at war with his neighbors (sometimes in the open field, sometimes in the bush), he pursues his way. He expects little and receives little. Knowing that abstract justice is impossible and that unselfishness is a dream of poets only, he nevertheless pursues these ideal ends with unabated vigor so long as he lives.

CHAPTER X.

SECURITY TO BE FURNISHED BY THOSE WHO FILL POSITIONS OF TRUST.

The question of bonding persons filling positions of trust has always been a vexatious one.

It has, however, been rendered much less difficult by the organization of public companies for the purpose of providing security for the faithful performance of duty, by which persons of good character and antecedents may procure bonds for any amount.

Formerly recourse was had to private individuals when it was necessary to provide security for the faithful performance of duty. In many instances men could not furnish this, not that they were dishonest, but that they were unknown.

The public guaranty companies do not ask that the applicant shall have influential or wealthy friends; simply that his reputation shall be that of a fair man. In many cases, also, the amount of bond required is beyond the ability of those who are dependent entirely upon private sureties, even when they have wealthy acquaintances. In all cases the public companies stand ready to assume the burden. It is thus placed within the power of everyone to give a bond.

The question of the cost of furnishing a bond, when given through a public company, is the sole remaining embarrassment between employer and employe. At the first glance it would seem as if the latter ought to pay the premium; and this undoubtedly should be the case where the bond is for an amount proportionate to the salary paid. But the premium (in the case of such officials as paymasters) is sometimes very high. It is not reasonable to expect that an employe can pay a large amount unless it has been considered in fixing his pay.

The furnishing of bonds, while always necessary, should never be construed as justifying the hiring or retention of unfit persons. If men are dishonestly inclined, no bond or form of guaranty can fully protect their employer, for the reason that the avenues through which they injure him are so numerous and subtle that their depredations can never be fully known, or if known can never be fully stated. No guaranty company or private bondsman can indemnify an employer in such cases. The real security the employer has for the faithful performance of duty by men filling positions of trust, is in their training and character.

Men who have been accustomed to handle money are much less likely to betray their trust than others. Fidelity may be cultivated the same as any other good trait. In order, however, to cover the lapses in honest practice that it is possible to locate and fix upon the books in

dollars and cents, the custom is fixed of exacting a bond from those who handle money or corresponding interests.

When private bonds are given, the conjunction of interests between surety and employer is highly beneficial to the latter. The responsibility of the former in the event of loss leads him to observe carefully the person he guarantees, so that if the latter fall into dissolute habits the fact is more likely to be observed than it would be otherwise. Moreover, it is assumed, whether truthfully or not, that men are less likely to jeopardize the interests of private bondsmen than those of a corporation; they have a personality, while the corporation has not. They are, moreover, thought to be especially entitled to the gratitude of those whose fidelity they guarantee. And herein, curiously enough, lies one objection to the accepting of private bonds by common carriers and governments. It is often found that the sureties in such cases presume upon the obligations of the person bonded to take unfair advantage of the employer by exacting favors not extended to others, and not proper to grant in any event. This fact makes it (or should make it) necessary, when private bondsmen are accepted, to see that they are such as are not likely to require favors of the person bonded.

The public guaranty companies afford employers a more satisfactory form of surety, everything considered, than private parties. They have no favors to ask of those they insure; their

investigations are impartial, and admirable; they are accessible; it is not difficult to ascertain their responsibility, and they are amenable in the event loss occurs for which they are responsible. The facilities possessed by them for making inquiries in regard to the acts of those they guarantee are, as a rule, less ample than those possessed by private sureties. The expense of making minute inquiries from day to day would be so great that it would quickly absorb the profits of the business. Hence the employer is deprived of this constant and valuable supervision, but as losses are promptly recognized and paid by the guaranty companies he is able to dispense with it.

The careful inquiries made by indemnity companies into the character and antecedents of persons bonded by them, are impossible or at least impracticable in the case of private bondsmen. The safety of the public guaranty companies lies in the main in the thoroughness with which these inquiries are prosecuted.

The employment of public companies saves railway corporations the importunities of private bondsmen, also the annoyance and cost of the periodical inquiries that they must make in regard to the character and financial standing of such bondsmen.

The most simple form of security possible is the depositing of securities with the employer sufficient to cover the amount of the bond required. This is the primitive method. Under it

both parties in interest are relieved of expense or obligation, and if the understanding under which the securities are deposited is ample, the conditions are all that could be desired. But where this practice is followed, the employer must satisfy the employe of the safety of the securities deposited.

Details of bonds, no matter what method may be followed, are intricate and laborious, and require to be observed with unceasing attention, if the object sought (viz., the securing of the employer against loss) is to be secured. These details are stated in the succeeding pages of this chapter with considerable particularity, but not to a greater extent, it is believed, than the importance of the subject warrants.

It is a common mistake in fixing the amount of a bond to make it too small. It arises from a disposition to err on the side of leniency. Such benevolence, while laudable in all the ordinary affairs of life, is, for obvious reasons, utterly out of place when applied to the fixing of surety bonds. Bonds for less than five hundred dollars are of very little account. Deficiencies of less than that sum can, as a rule, be made good by the delinquent, if thoroughness is exercised by the collector. It is where the shortage exceeds that sum that it becomes difficult for the delinquent or his friends to make the amount good. Bonds under five hundred dollars should not be accepted, and bonds for less than one thousand dollars ought not to be encouraged. The bond

should be sufficient to cover the maximum sum that it is possible, under the most favorable circumstances, for the person giving it to purloin before being detected. This should be the rule, and is ordinarily feasible. However, instances will arise where the collections are so large as to render it impossible to enforce a rule of this kind without hardship. When this is the case further protection must be sought in a division of responsibility. Thus the custody and care of the money (if it is a question of money) must not be left wholly with one person, but must be so divided as to prevent irregular practices except by collusion. The bond in such cases is auxiliary merely, and should be sufficient in amount to cover any sum likely to be taken to meet personal wants or to cover unfortunate ventures or sudden impulses to do wrong. Ten thousand dollars is as large a bond as any employe can reasonably be asked to execute, and if proper safeguards are instituted, and responsibilities attending the care of the money divided, this sum will, in the great majority of cases, be sufficient.

Private bonds must, however, be for larger amounts than those required from guaranty companies. They are more difficult to collect, and if the amount is fixed high, will exclude worthless bondsmen, as such would be unable to qualify. A private bond for less than two thousand dollars should never be accepted unless the sureties are men of unusually high character.

The facility with which bonds may be collected of guaranty companies and associations renders it practicable and safe to restrict the amount to the minimum sum. Moreover, there are no expenses attending the collection of such bonds, and thus a contingency that must be considered in connection with private sureties is absent. And herein lies an additional reason (if one were wanting) why indemnity companies, if possessed of sufficient capital and properly managed, should be given preference over private bondsmen.

All persons who handle cash, or have charge of supplies, or fill positions of financial trust, should be required to give security for the faithful discharge of duty. Many employes, by long and honorable service, establish a character for honesty that renders it exceedingly disagreeable to ask guaranties of this kind. But in corporations, where changes are matters of common occurrence, distinctions cannot be made between the character of agents, where all are presumably capable and reputable. Hence, it is necessary to exact bonds from everyone without reference to individual cases.

Incumbents of responsible positions are sometimes unable to furnish security. When this is the case, they should be relieved without delay. It is desirable, on this and other accounts, that everyone should be advised before being appointed of the nature and amount of security required. This will give him an opportunity to

decline in the event he is unable to furnish it. It is, moreover, much better to fix the question of security before appointments are made.

While a fair division of the burdens of office requires that subordinates, as well as those in charge, should furnish security, nevertheless this does not the less make it the duty of the latter to investigate in reference to the character of those under them. Agents should satisfy themselves that their subordinates are reputable. When it is found upon investigation or trial that an unworthy person is employed, he should be reported for retirement without delay, and, pending the change, should not be permitted to touch the cash. No condition of circumstances can relieve the official in charge of responsibility, and he must take means to protect himself against untrustworthy subordinates or assistants.

In reference to the minutiæ of business. Persons required to give bonds in a public guaranty company should make application therefor through the proper officer at the time of being installed, or before, if possible. The application is a carefully prepared statement of the particulars of the life of the applicant, his age, whether married or single, family, whom he has worked for, habits, parentage, references, property, etc. The application should be carefully studied at the time by traveling auditors and others. In many instances it will bear internal evidence of the fitness or otherwise of the appli-

cant. If his record is good, the information it will elicit upon inquiry will demonstrate the fact. If, on the other hand, the applicant is unstable, weak or vicious, it will be shown, provided the investigation is carefully pursued by the public guaranty company, or whoever has the matter in charge.

The form of application used by indemnity companies may be used to advantage by railway corporations in the case of employes other than those filling positions of trust. It is so thorough and intelligent in its objects that its effective use will keep the service reasonably free from unfit men. Its use should be encouraged by employes of good character. The close examination it insures will not hurt them; directly the contrary. Its details are confidential and cannot injure any worthy man.

Persons required to give bonds should, if possible, file their applications in advance, so that inquiry may be made before the applicant is installed. Thus unfit men will be kept out of the service. Under any other plan they will oftentimes secure admission and occasion embarrassment to their employer.

While railway companies rely more or less upon the bondsmen of those who fill positions of trust, nevertheless traveling auditors and inspectors must make careful and diligent inquiry all the while in regard to those who fill such offices. In the event they discover unfit persons, the fact should be promptly acted upon by them.

They should also report the matter fully to the official immediately concerned.

While information in regard to the character of employes, no matter by whom possessed, should be treated as confidential, it nevertheless forms a part of the records of the company and must not, for that reason, be withheld from its files.*

The necessity there is that an agent shall exercise constant vigilance in the affairs of his station, while too apparent to need argument, cannot be too frequently reiterated. Many cases of defalcations on the part of subordinate employes, occurring through neglect of agents to perform their duty in this respect, might be cited in proof. Unless formally relieved therefrom, it is the duty of every agent to exercise hourly supervision over the cash affairs of his station and to enforce such checks as are necessary to prevent defalcations, or, in the event they occur, to discover them in their incipiency. It is clearly the agent's duty, in the event any unfit or unsafe man is sent to his station, to prevent his touching the cash. Any neglect upon the part of an agent to exercise the necessary and just prerogatives of his office in this respect cannot but result injuriously to the company and the reputation of the agent himself, as he cannot in the event of defalcation escape blame.

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* Dispatches in reference to shortages should be in cipher, and especial care should be exercised to prevent information reaching the newspapers. Publications of this character should be avoided because of the suggestion they afford unstable men everywhere.

In connection with every great defalcation it is observable that the delinquent possesses in an unusual sense the confidence of associates and superiors. He is trusted beyond all others.

In reference to the practicability of traveling auditors recommending persons for positions as agents and cashiers, it is proper and in the interest of good business; their wide acquaintance and knowledge of the wants of the company make their recommendations of especial value and utility. But their interest should end there; afterward the appointee should stand or fall on his merits; if he is honest and careful, frequent inspection of his affairs will only heighten the regard felt for him; if he is dishonest, it will save the employer and perhaps the man. Traveling auditors should be especially careful not to lull the officials and agents of the company to sleep through over laudation or otherwise of subordinate employes; on the contrary, they should rather encourage them to constant and intelligent vigilance.

The different forms of security that may fairly be termed acceptable are as follows, viz.:

Collateral security, to be deposited with the employer or a trustee.

The bonds of public guaranty companies.

Employes guaranteeing each other through a fund created by them and deposited with the employer or a trustee.

Private bondsmen.

Whichever form of security is adopted, the bond should be perfected on or before the installation of the employe.

When employes desire it, they should be allowed to deposit approved securities equal in cash value to the amount of the bond they would otherwise be required to furnish. These securities should be negotiable stocks or bonds having a stable value. They must be payable to bearer, or if registered must be in the name of the employer, or trustee, so as to be available in the event of the person depositing them proving to be delinquent. Generally speaking, such securities should come under the head of government bonds, railway mortgages, railway shares, or state or municipal bonds. The securities should be kept for the benefit of the person depositing them. They can only be delivered to such person or upon his order after the expiration of six months from the time of his leaving the service, or ceasing to fill the position for which they were deposited.

When satisfactory public guaranty companies stand ready to indemnify employers for acts of their agents, the latter should be encouraged to select such method in preference to any other. When this method of security is adopted, the usual form of application should be made by the employe, and the bond of the guaranty company duly signed. These papers with the amount necessary to cover the premium (if payable by the employe) should be remitted to the proper

officer, to be turned over to the guaranty company. The premium should be in cash.*

The importance attached by guaranty companies to the applications of persons desiring indemnity renders it necessary that the utmost care should be exercised in filling up these forms. Their object is to afford a truthful and comprehensive history of the applicant's life since leaving school. If the form is filled up in good faith this object is attained.

In some cases employes are allowed to guarantee the integrity of each other by combining the amount of their annual premiums. The application for indemnity to be made in such cases, with the other forms required, are substantially the same as those used by the public guaranty companies.†

In examining the applications of those desiring guaranty, statements in regard to character

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* Exception to this rule is sometimes made when the applicant relieves a person already insured; in which case the premium is paid to the retiring employe, the new comer taking his receipt, which receipt he remits in lieu of cash in part or full payment of his premium for the balance of the current year.

† I organized many years ago a guaranty fund for the benefit of the employes of a railroad company. There was considerable dissatisfaction at first, but after the scheme had been in operation for several years those who were at first doubtful of its expediency became enthusiastic in its favor. All premiums were credited to a common fund; after satisfying losses the balance was invested in securities for the benefit of the fund. Under its operation employes become mutually interested in the integrity of each other and the surplus saved each year lessened by so much the succeeding premiums. This method is only practicable where there are many employes.

and antecedents of applicants should be carefully examined by the traveling auditor before sending them to the headquarters of his company. If there be anything unfavorable or ambiguous in connection with them, the matter should be investigated and a report thereof should accompany the exhibit. At the same time diligent inquiry should also be made in regard to the character of the references named by the applicant. The employer or bondsman is influenced by what is said of the applicant by those to whom he refers. It is, therefore, of the greatest importance that referees should be men of character and standing. In any event the employer should know whether they are so or not.

Accompanying applications for guaranty, the amount of the premium for the current year should be remitted. All premiums should expire at a given time. If the applicant has relieved a person already guaranteed, he should pay such person the amount of unearned premium due him for the balance of the current year and remit the receipt received in return therefor in lieu of money. Under the operation of the guaranty system, the rate of premium to be paid by an incoming employe may be greater than the unearned premium due the one retiring. In such cases, the difference (with the receipt of the retiring official) should be remitted in cash.

Orders on the paymaster for premiums, payable out of current month's salary, may be

accepted in lieu of cash in the absence of orders to the contrary.

When a person who has been guaranteed desires to renew his connection in some other capacity or at some other point, the usual application should be filed. In this return, the fact that he has already been insured should be stated, giving the date when guaranteed and the length of time. This may be stated at the top of the report. Then will follow the answers to the various inquiries, as if the person had never been insured.

In the event there is reason to distrust the integrity of an applicant for guaranty, or if the application already filed is not satisfactory, a private bond should also be exacted, with two responsible sureties, as hereinafter provided. This private bond should be kept by the company until such time as it is satisfied in regard to the character and fitness of the employe. This precaution need not, however, be taken when employes furnish collateral security. Such, briefly, are some of the details connected with the working of guaranty funds created by consolidating the premiums of employes.

When private bonds are accepted, they should be signed by the principal and by two responsible sureties. The signatures to the bond need not be witnessed. The sureties must be men. The justification form on the back of the blank (reciting the value of the realty owned by the sureties free from incumbrance, etc.) should be filled up and sworn to before a notary public,

justice of the peace, or other authorized officer. Each surety (bondsman) should swear that he is worth twice the amount of the bond in real estate free from incumbrance over and above the amount exempt by law from execution. No exceptions ought to be made to this rule. The sureties should not be men engaged in business likely to cause them to require favors from the employe. No officer or employe of the company should be accepted as surety. No inducement should be offered sureties to go on the bond of an employe; officials of the company should not suggest such a thing. To prevent error the date and amount of the bond should be inserted in the instrument when the blank is delivered to be executed. The first name of the sureties should be given in full. The name of each of the parties to the instrument should be duly entered in the body of the form before signing, in proper order, in the blank places provided. Particular care should be taken to see that the technical requirements of the blank are complied with in every respect, otherwise it will be necessary to reject the bond. Every effort should be made by employes to detect and expose attempt to impose worthless or insufficient sureties on the company. The utmost diligence should be exercised by traveling auditors and others to ascertain whether bondsmen are worth the amounts which they profess, also whether they are honorable, upright men, who in the event of loss will pay without seeking to evade the plain intent of

the bond. Whenever a station is visited, inquiry should be made in reference to bondsmen who may reside at such place or in its vicinity, the result of such inquiry being reported to the proper officer. To facilitate these inquiries traveling auditors should keep a list of sureties arranged alphabetically according to stations, so that when a station is visited they may have a list of the bondsmen who reside at or near such place. In case of failure, embarrassment, removal or decease of any bondsman, a new bond should be filed.

When employes execute a new private bond their accounts must be examined, so that in the event of loss the company may be able to fix the responsibility. Private bonds entail much more labor and expense upon a company than any other form of security, besides being in many respects less desirable. They should therefore, as a rule, only be taken when the other forms of security described herein cannot be obtained.

It will be seen from the foregoing that great reliance is placed upon investigations in regard to the character of employes, bondsmen and referees. Those intrusted with the examination of agents' accounts are held to a rigid accountability for vigilance, skill and intelligence in this respect.

As a rule, private bonds should be renewed as often as once in four years, unless the company is satisfied that the security remains good. A company cannot agree, however, to release bondsmen

at the end of every four years, or at any fixed period.

The financial standing of private bondsmen should be carefully investigated at all times, but especially when trade is depressed. Private sureties cannot be allowed to withdraw from a bond until the accounts of the person bonded are found to be correct. On no account should a bond be surrendered until at least one year after its termination. Claims for overcharges, losses, etc., are, in many cases, not presented until several months after the liability is incurred, hence the impossibility of relieving bondsmen earlier.

A register of the bonds of employes should be kept by the proper officer. It should be examined at frequent intervals, so that if for any reason the amount of a bond is found insufficient steps may be taken to have it made good.

When security is in the form of a bond given by a public guaranty company or through the association of employes, it is desirable that it should expire on a particular day of each year. Tables should be furnished employes, explaining the amount of security required from each, and the rates of premium per year, so that applications can be perfected at any time or place. In computing premiums the amount should be reckoned from the day the employe is installed. When transferring security from a retiring to an incoming employe, the amount of the premium to be refunded the former by the latter should be computed from the day of the transfer. In all

cases of transfer the incoming employe should pay to the one retiring the amount of unearned premium due the latter and should take a receipt therefor, which receipt, with the application of the incoming employe, should be forwarded to the proper officer without delay, as already explained.*

Every employe, whether he belongs to an association or gives security in a public company, or otherwise, should be required to give a personal bond drawn with the intent to hold him in case he proves unfaithful to his trust. Among other things, the following paragraph should be embodied in this agreement, viz.: "And it is agreed that in case the subscriber hereto shall quit the service of the company, or be discharged therefrom, the company shall have the right to withhold any sum which may be due to him until after a reasonable time for the examination of his accounts as such employe has elapsed, and in all cases until the regular pay day of the company." The object of this clause is to prevent suit being brought for wages of employes before sufficient time has elapsed in which to examine and audit the accounts of the retiring employe. Every company probably has more or less trouble of this kind, and as it is difficult and expensive to

* In some cases the guaranty companies and associations charge relatively a higher rate for a fraction of a year than for a whole year, in which case the amount to be refunded to the retiring employe, also the amount to be paid by the incoming employe, would vary according to the arrangement, whatever it might be.

explain to juries why the wages of men should be withheld, it may be avoided by requiring employes to formally waive in advance (as they do in this clause) claims for wages due them when they leave the service of a company, until such time as their accounts have been proven to be correct.

CHAPTER XI.

HANDLING MONEY AT STATIONS.

The greater part of the revenue of railroads is collected through the medium of station agents, conductors, ticket sellers and their assistants. These officials constitute a large and constantly changing force, varying greatly as regards experience, industry, fidelity, moral character and capacity. They are, however, an exceedingly intelligent and trustworthy class of men, but there are exceptions to this rule, and this fact renders supervision necessary. The same rule applies here that we observe in the operations of governments. The depredations of the few render stringent laws necessary for the government of the whole. The depredations of the few amongst those filling positions of trust render stringent rules necessary for the government of all who fill positions of this character. But the reputable among the latter are not more inconvenienced by these regulations than are reputable citizens inconvenienced by the laws made to prevent the depredations of the enemies of society. This explanation is proper in connection with the rules and regulations governing railway officers and employes filling places of fiduciary trust. Otherwise they might seem unnecessary, searching and

severe in many cases. With this explanation, I will proceed to describe some of the surroundings that attend the collection of railway revenue.

In the first place it will be well to require agents to remit the total amount collected by them (no matter how small the sum may be), at the close of each day, or by the last express by which it is practicable to send a remittance. Two remittances should be made during the day when risk is incurred by holding the amount.

The enforcement of a rule requiring the receipts to be remitted daily is of great importance. It is an essential link without which the best system of accounting is imperfect. When money is allowed to accumulate in the hands of an agent, or when discretion is allowed him as to the time and amount he shall remit, opportunity is afforded for loose practices that are certain, sooner or later, to be taken advantage of. If, on the other hand, there is a rule requiring everything to be remitted daily, there is no opportunity to glide easily and imperceptibly into improper methods. The close of each day reminds the agent that the money in his hands does not belong to him, and that it should be counted, balanced and sent forward. The practice soon becomes a habit, and is so wholesome and manifestly proper that it is strengthened with time and usage.

It can never be too strongly impressed on the servants of corporations that the money they handle is the essence of the trust confided to them. That all effort is preliminary thereto,

and that while there may be discretion allowed in regard to the disposition of other matters, there can be none in regard to the disposition to be made of cash coming to their hands.

To render it possible for agents* to remit daily the exact amount of their cash collections, they should be furnished a working fund. The amount should be sufficient to supply them with the small change required in selling tickets and conducting business. This fund should be kept intact, and should not be used for any purpose except to make change.

The rule governing the remitting of money should be enforced literally, and no one should be authorized to cancel, modify or restrict it. No account, voucher, time ticket, order or bill should be sent to an agent to cash that cannot be paid out of the current receipts of his station for the day. If he should be required to pay an account exceeding his daily cash collections, it would be necessary that he should hold his receipts until the accumulation of the amount, and in this way the chain of daily remittances would be interrupted, in which event the collecting officer would be required to make special investigation to ascertain the cause. This last would involve expense, and is not always practicable. To secure uniformity of

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* And by agents, I mean here as elsewhere, when I speak of general matters, all employes, treasurers, station agents, ticket sellers, and so on.

action, and also to prevent unauthorized or improper payments, no account should be paid by an agent except such as may be directed by the officer in charge of such matters.

Nor should anyone be permitted to take or use money belonging to the company for personal objects, whether on account of wages or for any other purpose, except as specifically provided by the rules and regulations. The funds of the company should be kept inviolate to be remitted at the time and in the manner provided. In the event an agent should, through sickness or other unavoidable cause, be in such distress that delay in receiving his pay would seriously embarrass him, he should communicate with the proper official, who under such circumstances would be jnstified in arranging to advance him a portion of his wages.

In connection with collections it is important that the proper officer should keep careful watch to see that remittances are received daily. In the event none is received, he should examine into the cause thereof, and if the omission is not occasioned by delay upon the part of the carrier should promptly instruct the traveling auditor to investigate the matter. Similar watchfulness should be observed in regard to the collections of conductors.

In reference to the latter, conductors should remit the total amount of their collections immediately on arrival at their destination, except when they make more than one round trip per

day, in which event the remittance may cover the total collections for the day. When a round trip occupies one or more days, only one remittance need be made for such round trip. The total amount of cash remitted should correspond exactly with the total amount received, as shown by the report of collections.*

When counterfeits are returned, or remittances are short of the amount claimed, the difference should be immediately made good to the company. Should a remittance exceed the amount called for, the excess should be deducted from the next remittance.

If intelligence and zeal are used in making collections and in remitting, the amount of money in the hands of agents at night will rarely be sufficient to tempt the cupidity of a thief. But as this fact will not be known we may expect that robbers will make frequent, and in many cases successful, attempts to break open the safes and money drawers. The safe way, therefore, is to keep those receptacles free from money, ex-

* Only in one or two instances, to my knowledge, has a working fund ever been asked for or desired by a conductor, and it is for this reason believed not to be necessary. The amount of money which he is required to use for this purpose is not great, and if provided by the conductor himself he is not subjected to the trouble and annoyance of having to account for the same from time to time. There are, however, no reasons why conductors should not be provided with a working fund, the same as agents, if they desire it, but the possession of such a fund would increase the nature of their trust and should be considered in fixing the amount of bond (if any) required of them.

cept during working hours when the offices are occupied.*

Allowances can rarely, if ever, with propriety, be made to agents for money stolen from their safes or that is taken from their possession or the possession of their subordinates. The cash on hand should not be large, and if they adopt intelligent precautions there is little danger, practically, of loss.

It is hardly necessary to mention that no account should be opened with any bank by agents, or others, except under the direction of the proper officer; all moneys should be remitted according to the rules provided.

In reference to the handling of cash. No greater division of responsibility should be incurred than is necessary. Thus, subordinates at stations and elsewhere should not have general access to the cash further than the business of the company requires. It is not necessary that the night ticket seller, for instance, should be allowed access to the general cash. He should be supplied with a working fund; this fund with his collections he should turn over when relieved.†

*The record of seven cases that followed each other consecutively, and that came under my personal notice, where the safes at country stations were burglarized, showed that the aggregate amount secured did not average fifty cents This good fortune, however, was not the result of chance, but of the thorough manner in which the agents had remitted the money and in the personal protection which they gave to the few dollars that remained over at the close of business.

†Specific rules in regard to the care of cash in the hands of agents, and the kind of money they may receive, are given in another volume.

It is sometimes an accommodation and source of profit to local banks located at stations on a line, to take the daily collections of agents and give in exchange therefor a draft payable elsewhere. An objection to such practice is the risk incurred. If the bank is reputable the paper will, as a rule, be paid on presentation, but in times of depression or panic the holders of drafts would run more or less risk. As a set-off against this loss there would be no compensating advantage to the railroad company. The practice, therefore, of exchanging currency for drafts is not to be encouraged, and should not be permitted without permission of the company through its proper officer, and not then unless the bank files a sufficient bond that its drafts will be paid on presentation. There is this to be said in favor of exchanging the collections of agents for the drafts of local banks. It is easier and safer for an agent to remit a draft than to remit currency and coin. It is also more satisfactory to him for the reason that there cannot then possibly arise any dispute between him and the receiver of the money as to the amount of the remittance. When currency or coin is remitted the sender is, to a certain extent, at the mercy of the person to whom he remits, and this fact is a source of endless dispute between the agent, who always insists that he remitted the amount claimed, and the receiver, who is equally positive that he did not. These disputes may occur without either party to the transaction being

dishonest; some portion of the remittance may, through mistake, be omitted by the sender, or it may be extracted while in transit; or may escape notice or drop from the package unobserved while in the hands of the receiver. On the other hand, if the receiver is disposed to be dishonest he may appropriate a portion of the remittance and claim the amount to be short. Such instances have occurred. The sender is at the mercy of the person who counts the money, and, if he is not faithful, loss will result, not to the company, but to the person remitting, who must make good the amount. This injustice will create in his mind, very properly, the feeling that he has been robbed. He will be indignant and resentful in consequence. When such differences between agents and receivers are frequent it may be assumed that there is unfaithfulness on the part of those who handle the money in transit, or the persons who receive and count it. Active measures must, therefore, be instituted without delay to locate the delinquent.

I remember an instance several years ago where the complaints from agents became so general that the company interested felt convinced that someone at the bank, where the money was received, was appropriating a portion of the remittances. Scarcely a day passed that he did not report a shortage. The amounts grew until they reached in one instance a hundred dollars. This was a large sum to take out of a single remittance, and the agent who was

compelled to make it good was greatly excited. The bank meanwhile insisted that the teller was honest, and that the trouble was elsewhere. Finally the case became so flagrant that the company directed the traveling auditors, whenever they visited a station, to make up a remittance in conjunction with the agent, and forward it to the bank in question. These were test cases; sometimes they put extra money into the package as if by mistake. This extra money was never reported by the teller. Many of the packages known to be right were reported short at the bank. Upon these facts being presented, the delinquent teller was dismissed, but restitution could never be obtained.

The duty of receiving and opening remittances made by agents and others is a very responsible one. The greatest care, therefore, should be exercised in selecting the persons who perform this duty. They should be men familiar with the execution and responsibility of trusts, and their characters should be well grounded in the exercise of honorable practices. Their salaries should be commensurate with their wants. But in view of the constant danger that remittances may not be counted rightly by receiving tellers (and as a preventive measure), whenever a traveling auditor visits a station he should make up a test remittance, in conjunction with the agent, each counting the money and seeing, personally, that it is inclosed, properly sealed, and passed intact to the express company. If the receiver should

report a shortage in such a package there could then be no doubt that he had either made a mistake in counting the money, or had taken a portion of it, or that it had been tampered with en route. The practice of having traveling auditors make up remittances in conjunction with agents is wise. It will serve the purpose of exposing the receiver or carrier in the event he is careless or dishonest. Its effect in every way will be wholesome.

In view of the foregoing and of the especial advantage to agents of remitting drafts instead of currency, they should be allowed to make such remittances, provided there is a reputable bank from which exchange may be procured, and such bank will furnish acceptable guaranty that its drafts will be paid on presentation. The guaranty should be sufficient to cover remittances in course of transmission at any one time. The most acceptable guarantor is a public guaranty company, or the correspondent of the drawer, when such correspondent is a banking company of responsibility. However, a guaranty by individuals is sufficient when drawn in a legal form for twice the amount of the drafts at any time in course of collection. The guaranty should be signed by at least three well known and respectable citizens who can swear they are severally worth the amount of the bond in real estate, free from incumbrance, over and above the amount exempt by law.

In the regular course of business more or less checks and drafts will be received.* Great care should be exercised in accepting these lest the receiver suffer loss in consequence.

No checks or drafts should be accepted upon which the company will be required to pay a collection fee without instructions to that effect. In the event it is necessary to accept such paper, in the absence of instructions it should read "With exchange."

Agents when called upon should cash checks of the company, if the station receipts will permit, and the indorsement upon the paper is correct.

Except in the case of the company's paper, cash receipts should never be exchanged for nor used to cash checks or drafts without instructions.

When the receipts of a station exceed twenty-five dollars per day it will be well to have a safe if the company's affairs will permit. Traveling auditors should, therefore, make requisition for the same. The safe need only be large enough to accommodate the cash, vouchers, time tickets, ticket stamp, uncollected freight bills, cash book and remittance books. A safe sufficiently large to hold all the books and tickets is too expensive for the majority of railways; accommodation can be provided only for papers and accounts of value. The safe should be fireproof and afford reasonable security against burglars. It should contain an

*Specific rules in regard to indorsements to be made on checks and drafts, are given in another volume.

outer and inner door with combination lock for each. There is too great risk attending the use of keys. They pass from hand to hand as the forces change, so that responsibility for the contents of a safe cannot be enforced.

A combination lock costs a trifle more than one locked with a key. The additional security it affords more than compensates for the increased expense. It enables the agent to change the combination at pleasure, and this fact fastens the responsibility upon him in the event anyone obtains access to it in the usual manner.

It will prove desirable to agree upon a standard safe. It will be possible under such circumstances to get a safe much cheaper than would otherwise be possible, while the receptacles can be made to afford much better security, in proportion to cost, than will be possible under any other plan. A safe adapted for use at a station should be fireproof and must also afford security against petty thieves. This latter can be obtained by the use of a steel box within the fireproof safe. It must, however, be securely attached to the latter. The box should have a combination lock. The box costs but a trifle and makes the safe secure, except as against expert burglars.

Where the receipts of a station are very small a safe is unnecessary. Personal custody of the funds incurs so slight a risk that it may very well be assumed by the agent. If collections are remitted daily in full by the last express, the balance remaining on hand will be very small and

may well be taken in charge by the agent. In the event a safe or money drawer is out of repair or does not afford the security intended, immediate measures must be taken by the person in charge to have the fault remedied. It is a duty of the traveling auditor to see that this is done. The maximum amount of security intended by the company in such cases should be afforded at all times.*

Too great care cannot be exercised to protect the cash drawer, ticket case, and similar receptacles, and while they must be located so as to be convenient to those who use them, they must at the same time be so placed as not to be accessible to others. They must be securely locked and of sufficient stability to afford protection under ordinary circumstances. Intelligent foresight must be exercised. It is in anticipating mishaps that agents and others evince fitness. The capable man will foresee danger and guard against it; his less wary brother will not awaken until too late.

It is desirable that cash drawers and ticket cases should be of a uniform pattern. This, however, should not extend to the keys used. The money drawer should be partitioned off so as to receive two light wooden trays; one of these trays should contain receptacles for change, the other compartments for bills. When the agent is absent from the office, or does not have

*Specific rules governing the use of safes by agents are given in another volume.

occasion to use the drawer, he should place the trays in the safe and lock the same, thus protecting himself against the possibility of loss.

All receiving windows, desks and counters in offices where money is handled should be protected by wire screens.

When due safeguards are not observed in an office the traveling auditor should cause defects to be remedied before leaving the station, if possible. In the event this is impracticable, or an office requires remodeling, or the presence of carpenters is needed, he should report the case to the proper officer for action. It is not practicable to obtain theoretical perfection, but ordinary precautions should be enforced in every case. The business of many stations only warrants meager accommodation, but the facilities afforded, whatever they may be, should receive intelligent consideration. This is not likely to be given the subject by carpenters and others not familiar with office work or its requirements. Designs should therefore be prepared in advance by those familiar with the subject for the needs of stations of the various grades. This will not always be practicable, as the office will depend, in a measure, on the peculiarities of the building. But a uniform cash drawer may be used everywhere. This, together with the ticket case, should be so placed as to be inaccessible except to the office force, while the books and accounts of the station should be so protected that they cannot be handled or inspected by the public. The admis-

sion of the latter to the offices of a company is to be discouraged as much as possible.

The security of an office will depend greatly upon the protection afforded by the doors and windows; these openings should be securely fastened from within, the doors being provided with automatic locks and the windows with suitable screens.

If such precautions are taken, little danger need be apprehended. The safeguards will be sufficient precaution against petty thieves, and it is from this source that the greatest danger arises.

CHAPTER XII.

DEFALCATIONS.

In the many years that I have been more or less actively concerned in the collection and disbursement of the revenues of a railroad company, I do not remember to have been instrumental in sending any one to prison for unfaithfulness, though instances of unfaithfulness have occurred where it was difficult to secure restitution. There have been cases, probably, where active criminal measures would have been proper, perhaps the best. However, leniency is not misplaced when the delinquent or his friends are able to make restitution, so far as restitution is possible. This I have never known them to fail to do.

Some very peculiar and many aggravating cases have come under my notice. In one case a trusted employe was a defaulter. He was a careful, methodical man, and protested that he did not know what had become of the money. He had no bad or expensive habits, and the traveling auditor was utterly nonplused, and after examining into the case reported that the agent had been robbed. For some reason this statement was not credited; another auditor was sent

to investigate the matter, and press for restitution of the missing money. His report corroborated that of his predecessor, but more than ever confirmed the impression I had already formed. Another man was then sent to investigate, but without better result. His report, however, from many things it contained that he seemed to attach no importance to, served to strengthen my impression that the agent had the money. One of the most adroit auditors in the service was then selected to go to the delinquent agency. At the end of a week he reappeared with the amount, and when asked where he got it, he said "In the agent's bed!" The agent had made up his mind deliberately to appropriate the funds in his hands. He did not need the money, but was overcome by an absorbing desire.

It is very seldom where money is taken by an unfaithful employe that he does not make provision to satisfy his employer in the event the latter insists upon restitution. He has, as a rule, some plan, either by which he can repay it himself, or through his friends, if only by such a course he can escape imprisonment. This fact cannot be too strongly impressed upon the minds of those called upon to collect deficiencies in the accounts of such agents. If the inspector is lazy or stupid or credulous, he can accomplish little or nothing; he, in fact, complicates the case by rendering the delinquent less amenable. If, on the other hand, he is vigilant, astute and

untiring, it is hardly possible to conceive of a defalcation he cannot, in conjunction with the collecting officer, set right.

It is always safe to assume that a man who will steal will lie. The traveling auditor must, therefore, accept all statements made under such circumstances as presumably false. Moreover, it may be accepted as true that defaulters are cowards. This characteristic may be made an active auxiliary in forcing restitution.

No rule or course of action can be laid down by which traveling auditors must be governed in the case of defalcations. The character of the delinquent and the peculiar circumstances attending each case have to be considered.

Defalcations are often the result of thoughtlessness or stupidity. The delinquent sees the money, and he takes it without premeditation or thought of the result, just as an animal breaks through a fence when an inviting field lies beyond. A deficiency in such cases accumulates without the delinquent being really conscious of his action or its results. He expects every day to make it good. He never really intends to do anything wrong, and never reaches the state where he could contemplate the thought of being called a defaulter without a shudder. It is impossible to feel toward a delinquent of this kind the same as toward those who have no perception of wrong. Nevertheless, restitution cannot be waived any more in the one case than in the other, but the measures by which it is to be

brought about will not be the same. In one case the delinquent will hasten to do all he can to correct his fault; in the other he may endeavor to evade it in every way. It is the last-named class that tries the patience and taxes the ingenuity of traveling auditors and collecting officers. They find themselves pitted against a man who is intent upon escaping the responsibility of his acts without acknowledging or correcting the wrong. Severe measures in such cases are the only ones likely to prove effective.

In adjusting delinquencies it will sometimes be found necessary to accept property in lieu of money, when the latter is not obtainable. No rule can be laid down. The main point is to secure the amount of the shortage. I have, at one time or another, been compelled in cases of this kind to accept almost everything having a money value. In one instance a pair of horses was accepted; in another a blooded Jersey; in another a pasture full of Berkshire pigs; in another a wagon; a lien on a growing crop; a chattel mortgage on the delinquent's personal effects; in one desperate case two Irish setters and a coop of chickens! In every instance, however, the property realized enough to cover the delinquency. It was the property or nothing. In cases of this kind the collector will look to the value of the thing he receives rather than the thing itself. If a person owes him or his principal two hundred dollars, and all he can turn over in payment thereof is a Holstein bull,

it would be foolish not to take the bull. The main point in such cases is to see that the property is sufficient to cover the deficiency, it being understood that anything in excess thereof will be refunded the delinquent.

Immediately upon the discovery of a defalcation, the facts should be reported by the traveling auditor, in cipher, to the proper officer by telegraph, and every possible effort instantly put forth to secure a return of the money. Failing in this, the delinquent agent's bondsmen (where he gives a private bond) must forthwith be visited, and effort made to induce them to make good the shortage without the delay incident to a recourse to the law. If the agent is bonded in a public guaranty company, the company should be promptly notified of the delinquency by the proper officer.

In case of defalcation, a company can never consent to withdraw or compromise its claim upon the bondsmen. Their guaranty of the honesty of an agent secures his retention. Therefore, while a company may deprecate recourse to the law, nevertheless, every means that its resources place within its control must be used in forcing its just claim against the bondsmen. Good sense and fairness, therefore, dictate a speedy and peaceable settlement, and the matter should be placed in this light before the bondsmen.

In the event a delinquent agent fails to make good a shortage in his account, and the bondsmen do not do so for him, the delinquent should be

arrested and held to bail, an attorney being employed when necessary, the adequacy of the bail being looked after closely.

When an agent is guarranteed by a public company, or is insured by a fund, there can be no doubt the delinquency will be made good. However, none the less active and arbitrary measures must be taken to compel a delinquent to make good his shortage, and when he fails to do so, he should be arrested as stated.

In making up the account or balance sheet of a defaulter* the amount of the shortage should show as a separate item, as "Shortage in cash account." The defaulter should sign the account. It is proof of the nature and accuracy of the claim against the delinquent. The signature is not absolutely necessary, but it proves without further demonstration what the company is justly entitled to prove, and obviates the trouble and expense of locating each particular item of the shortage.

In adjusting the account of a delinquent agent, credit should be allowed, if necessary, for wages due, the proper officers being notified of the amount allowed, and requested to turn the same over to the treasurer.

The removal of a delinquent agent should not be discussed until a settlement has been arrived at. Every effort should be exercised to prevail upon him to make good the shortage. If he thinks there is a possibility of his remaining in

* See Form No. 2, Appendix.

the service that prospect will act as an incentive to him to put forth every effort to make good the deficiency. Nothing should be done or said to deprive the company of the benefit of this energy.

Should there be any extenuating facts in the case of a delinquent agent they should be made known to the company to enable it to take such steps as may be necessary to protect its interests and at the same time do justice to its employe.

It must always be borne in mind that a shortage is to be made good at the time of its discovery. No stone must be left unturned to effect that result, and traveling auditors should never leave a station until it has been accomplished.*

Should circumstances arise requiring legal advice, one of the company's attorneys should be consulted, if accessible. If, on the other hand, the active services of an attorney are required, an energetic business lawyer not in the employ of the company, or retained by it, should

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* I remember a case where a traveling auditor had reason to believe that there was a shortage in the accounts of a particular agent. Instead of attempting to catch the latter unawares he caused it to be made known that his accounts were likely to be examined at an early day. Upon this hint the agent went energetically to work to collect together sufficient funds to make good the shortage, intending after the examination to repossess himself of the amount. But the traveling auditor, when he made the examination, satisfied himself that there had been a shortage which had been made up. He accordingly relieved the agent, remaining himself temporarily in charge. Had he gone away, the company would have lost the amount originally stolen and it is reasonable to suppose much more in addition.

be secured in preference. A man who will use every effort to bring his case to a successful issue; who will not let it be jeopardized on the ground that it is not politic to press it. It should always be borne in mind that it is possible, if not probable, that the sympathies of a community will be with a delinquent, as against the corporation, no matter what the facts may be. It is to counteract this prejudice that it is advisable to employ a lawyer not in the service of a company. It should also be remembered that the object of the prosecution, so far as the employer is concerned, is to obtain restitution of the money unlawfully taken. When this object has been achieved the prosecution may be allowed to drop, so far as the employer is concerned, but not till then. The state then goes on with the case.

In case a defaulter runs away, the traveling auditor or official, no matter who he may be, who first becomes cognizant of the fact, should telegraph a description of the delinquent to the police and railway authorities at the places where he is likely to be, with directions to have him arrested and detained until the authorities can act. Meanwhile, a warrant should be sworn out before the nearest magistrate, and such other measures taken as may be necessary. The action of traveling auditors and other officials must be prompt and intelligent, so as to prevent the escape of the delinquent. Nothing that is proper to do must be left undone to secure restitution of the amount.

In efforts to secure the restitution of funds improperly taken it is desirable to allow the delinquent free and full consultation with his friends and relatives. They, from personal motives, will be loth to see the machinery of the law actively set in motion. Through their aid he will quite likely be able to make good the shortage, which the company under other circumstances would lose or be compelled to obtain from his bondsmen, thus ruining the standing of the delinquent forever. However, the utmost diligence must be exercised in consummating negotiations of this kind. To be successful they must be prosecuted with energy and adriotness, and must be terminated in a few hours, or days at the furthest.

When an agent is a defaulter it is the duty of the traveling auditor to take charge of the cash and other accounts. He should remain until he receives instructions in the case, or some one is sent to relieve him. Should, however, there be a likelihood of delay, he may delegate some one connected with the station to take charge, if there is a competent and trustworthy person, until an agent is appointed.

Frequent and aggravated defalcations evince incompetency upon the part of traveling auditors or the management. If men are selected with common prudence, and traveling auditors perform their duties efficiently, delinquencies will not be frequent or for great amounts.

Among other things, it is the duty of traveling auditors to detect the fact when unfit men are appointed, and advise their superior officer.

Prompt and full reports of defalcations should be transmitted without delay to the proper officers.*

Delinquents will be found to be proverbially specious in their excuses and explanations; the report of the traveling auditor must, therefore, be so full, clear and candid that it will enlighten the officials of the company and also serve for use should the appointing officer neglect to take such action as the interests of the company require.

Defalcations should not be allowed to grow. A shortage of fifty dollars, if the amount has been appropriated by the agent for his personal use without permission, is as bad in principle as if it were fifty thousand dollars. I remember a case where the traveling auditor telegraphed that an agent was short three hundred dollars. Afterward I learned that the same agent was short at a prior examination thirty dollars, and borrowed the money to make the amount good. The traveling auditor made no report of the thirty dollars shortage. Had the deficiency of thirty dollars been investigated and acted upon the subsequent shortage, which the agent had great difficulty in making good, would have been avoided. At the time the thirty dollars shortage was discovered the traveling auditor did not make

* Namely, the superintendent, collecting officer, etc.

a thorough examination, but assumed that the shortage had occurred through error or omission. This neglect encouraged the agent to believe that he could safely use the money of the company. The conclusion to be deduced from this incident is that all deficiences in the accounts of agents, no matter how small, should be thoroughly investigated and acted upon.

There are many ways of acquiring improperly the funds of corporations and temporarily covering up the same. Some of these I have enumerated. Inefficient methods of accounting are a constant menace to a company and a source of temptation to its employes. Thus, if through neglect an amount is not charged to an agent that should be, he is tempted to appropriate the sum; if the methods of checking are not adequate, he is able to use the money in his hands and avail himself of collateral collections to hide the deficiency; thus, he will take the railroad company's money to hide the deficiencies in the accounts of the express, or vice versa. The ingenuity of a rogue is proverbial, but is, after all, very shallow. He does not hesitate to commit forgery or other crime necessary to gain possession of the money he wants or to hide the theft afterward; he will forge receipts to fictitious payments, hide evidence of money collected, and practice all sorts of deception in regard to real or supposed remittances; all with great plausibility, but never in a manner to deceive, except for the moment, those who are watchful and who

employ proper methods to verify representations made where cash is concerned.

In examining into the affairs of agents traveling auditors will not be governed too much by what seems to be the case. Those who are dishonest do not put up signboards to that effect. On the contrary, they seek in every way to cover up their delinquencies and to gain the confidence of those delegated to exercise a supervision over them. When an agent disregards the rules and regulations governing the money he handles he is either ignorant, incompetent or a knave. If ignorant he must be instructed; if incompetent or unfaithful he is unfit. A special report should be made to the proper officer recapitulating the facts and stating the conclusions of the official making the return.

Should there be good reasons to believe that the associates of an employe who handles money are questionable, or that his habits are such as would indicate that he lives beyond his income, and the traveling auditor cannot verify the suspicion without interfering with his regular duties (as may be the case in large cities), the matter should be reported to the proper officer and arrangements made to have the suspected person kept under effective surveillance. In the event the suspicions prove to be true, prompt action should be taken to prevent a defalcation.

When an employe intrusted with the handling of funds, accepts a political office in connection with the duties he performs for the company,

the probability that it will demoralize him is so great that his habits, associates and accounts should be carefully looked into. He should, therefore, be watched with unceasing vigilance.

It is of the utmost importance that an unfaithful person should not acquire the idea that he can deceive the accounting officers by subtle devices or specious pretenses. If he can, it greatly emboldens him in his operations and the service is thereby weakened and demoralized.

In the event an agent is short in his cash accounts many subtle devices will suggest themselves to him by which it may be hidden. While it is impossible to enumerate all these methods, the more prominent may be mentioned. He may enter on his books and other records fictitious remittances, or add imaginary amounts to remittances actually made. Agents have been known to remit one hundred dollars and enter it on their record as one hundred and fifty dollars, and so on. Attempts of this kind may be frustrated by the traveling auditor taking with him a list of the remittances credited to the agent on the books of the company since the last account current; also by sending to the general office a statement of remittances claimed to have been sent forward by the agent, in addition to those credited, as shown in the transcript referred to. Cases will occur where amounts duly entered by the agent on the books as remittances, and receipted for apparently by the express messenger, will never have been sent forward and have no existence

whatever. Again the agent may claim credit for fictitious uncollected bills. Deceptions of this kind may be detected by going personally to those claimed to be debtors. It is desirable (in such cases) that the amount claimed to be unpaid should actually be collected by the agent in the presence of the traveling auditor from the alleged debtors. But if for any reason the amount is not collected, the persons said to be indebted to the company should be asked to examine the statement (in which the amounts due from them are recited in detail) and specifically state whether they owe the company the amounts called for or not. A detailed list of these amounts should be preserved for reference at a future time. Again the agent may wholly suppress collections made by him; it is difficult to describe all the ways in which this may be done; he may omit to record charges for loading, unloading, dockage, car service, yardage, cooperage, switching, and kindred services; he may suppress telegraph moneys entrusted to him, collections for extra baggage, insurance, and so on. One of the most simple and effective schemes that he will adopt will be the suppression of way bills received by him upon which he has collected the freight charges; thus, if he receives a car of lumber upon which the charges are one hundred dollars he will collect the amount and use the money, hiding the way bill until another consignment enables him to make up the amount abstracted, and so he will go on. To detect the suppression

of way bills an abstract should be sent to the freight auditor of way bills the agent acknowledges to have received up to the time of the examination.* The freight auditor should compare this abstract with the bills reported by other agents as having been forwarded to the station under investigation prior to the date of the examination. In this way, if an agent suppresses a way bill, while it will not appear in his report, it will appear in the reports of way bills forwarded to his station. As, however, way bills dated prior to the examination will not have arrived at that time, such bills must be separated from the others. To ascertain the date of their receipt, the hour of the arrival of freight at a station must be known. This information should be on file in the office of the car accountant or elsewhere. Therefore, in order to make the examination full and complete, the freight auditor should furnish the car accountant a list of all way bills dated prior to the time of the examination not included in the abstract of way bills charged to the agent examined. This report the car accountant should examine, with a view of ascertaining whether the bills arrived before or after the time of the examination. For the purpose of facilitating the investigation a blank may be provided.† It should be forwarded by the freight auditor to the car accountant, to be sent by the latter to the traveling auditor, or his

* See Form No. 5, Appendix.

† See form No. 6, Appendix.

superior, after he has completed his investigations and inserted date and hour of arrival of freight.*

When an agent is relieved for misconduct or because of shortage in his accounts, especial ingenuity must be exercised by examiners to ascertain whether way bills have been suppressed or not. In cases where an agent has been known to use the money of the company, it is not too much to suppose that he will withhold way bills if opportunity suggests. Frequent occurrences of this kind emphasize this statement. One means of discovering omissions is to go to merchants and other shippers and forwarders and

* The method here described of auditing the way bills included in the accounts of the agent at the time of the examination may seem to be unnecessarily elaborate. The sending of the abstract of these way bills to the freight auditor to be examined by him to see if there are any omissions, and if there are, to ascertain from the car accountant the date and hour of the arrival of such omitted way bills, requires time and considerable work, but I have repeatedly found in my experience that a complete examination of the accounts cannot be made without this subsequent investigation as to whether all the way bills really chargeable to the station were included in the examination or not. I have, in fact, in several instances found in this way where way bills have been suppressed, which suppression would never have been known otherwise; the freight auditor noticed that the abstract did not include certain bills dated prior to the time of the examination, which way bills the car accountant afterward found had arrived at the station before the examination. I remember one instance where the accounts of an agent had been examined by three different traveling auditors without eliciting the fact that his cash was short. He succeeded in covering up his defalcation in each instance by suppressing way bills, and by claiming that certain freight bills on file were unpaid when in fact he had collected the

compare the receipted freight bills in their hands with the station records. If bills have been withheld, such comparison will, in the majority of cases, elicit the fact. It may not be the means of discovering all delinquencies, but it will afford a clue, and other and effective means may then be taken to compel the immediate production of way bills withheld. A comparison of cars received and forwarded with the freight books should also be made. Discrepancies here are, of course, not conclusive, but they will afford a clue. It will be supposed that when an agent is dismissed for suppressing way bills, the examiner will leave no stone unturned to prevent such occurrence when transferring the accounts to a new agent. Yet such instances

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money upon them. In each instance the traveling auditor went to the manufacturer against whom the bills were made, to ascertain if they were unpaid. The manufacturer did not examine each bill, but replied that they were unpaid. He supposed that they were so, as he paid his account periodically and was always owing the station a large amount, but as a matter of fact, the bulk of the bills had really been paid. The suppression of the way bills by the agent would have been discovered had the abstract which the traveling auditor made been compared by the freight auditor with the reports from other agents of the bills forwarded to the station prior to the time the abstract was made, but this examination the freight auditor neglected to make. Thus it appears that the defalcation eluded detection in three separate instances in consequence of a lack of thoroughness. The agent at fault had been employed a great many years, and his character was considered above reproach, and this fact, no doubt, had its effect in leading the officials to take for granted certain things of which in the case of new or untried agents they would have required to be verified.

have occurred. It is proper, therefore, to especially emphasize the importance of examiners making careful investigations to ascertain if way bills have been suppressed, in cases where an agent is known to be delinquent.

The impossibility of devising a system of accounts that will prevent the suppression of way bills, renders it of the utmost importance that this particular phase of accounting should receive the thoughtful attention of examiners. It is especially necessary in doubtful cases. Every means of detecting the practice is important. One of the most effective, as already intimated, is the receipts in the hands of shippers for charges paid by them; a comparison of the station records with these receipts will not only serve to expose the suppression of way bills, but the mere possession of these documents in the hands of the public is a menace to wrong doers. Their great value to a company as an independent source of information, therefore, emphasizes the importance of requiring agents at all times to give receipts for charges collected and at the time of the transaction. It is not necessary that the examiner should give any reason for enforcing this rule. The safeguard is of no interest to anyone except the company—but its proper application requires tact upon the part of the examiner. He must use the greatest discretion to avoid shocking the sensibilities of faithful employes or unnecessarily attracting the comment of shippers. But when an agent is

known to be short or is discharged for irregular practices, the examiner need have no hesitancy in making an open and avowed inspection of the freight bills in the hands of shippers, besides adopting all other measures necessary to discover the actual state of affairs. In visiting patrons for the purpose of ascertaining whether way bills have been suppressed or not, the examiner need not be accompanied by the agent, as is contemplated in those cases where he has no particular reason to suppose there is anything wrong.

In furtherance of their duty of effecting a thorough and constant supervision over station accounts, examiners will, when passing over the road on freight trains, make an abstract of way bills of freight hauled in such trains. This abstract they will forward without delay to the freight auditor, whose duty it is to see that all way bills it includes are duly reported by forwarding and receiving agents. Blanks should be kept by traveling auditors upon which to make these returns. The blanks should show date of way bill, its number, where from, where to and the amount of local charges. In order to further this purpose traveling auditors should take frequent occasion to travel by freight trains.*

* Another and a more comprehensive means of preventing the permanent withholding of bills from the accounts, is to require conductors to report the essential facts in regard to way bills handled by them. Afterward this report is compared with the returns of way bills made by agents. It is, however, not an infallible safeguard. But it renders it necessary that a

When an agent is short his first impulse will be to borrow the amount when necessary to tide over the difficulty. It is of the utmost importance that practices of this kind should be detected without delay. If not promptly discovered the deficiency is likely to grow until it is impossible for the agent to make the amount good. It is desirable, therefore, that accounts should be scrutinized with the view of detecting efforts to cover up shortages by borrowing. In the event a shortage is thus covered up it may be discovered in various ways. In such event some portion of the receipts will be likely to appear unusually large on the day of the examination or some day immediately preceding; it will depend upon whether the delinquent has knowledge of or suspects the examination. If the cash receipts are unusually large and the cash book shows this to have accrued from freight collections, the auditor should visit the payors and ascertain from the receipts in their possession,

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conspiracy to suppress a way bill should also embrace the conductor of the train hauling the car as well as the forwarding and receiving agent. Reports of way bills en route should also be required from intermediate sources. The record made by traveling auditors of way bills and the comparison afterward with the station accounts, to be valuable must be thorough. The traveling auditor must see that the conductor has a way bill in every instance and that this way bill is regularly numbered. The value of this safeguard illustrates, if illustration were needed, the necessity of the observance of the rule that property shall not be carried without a regular way bill. But the necessity of such rule ought not to need illustration to those familiar with railway accounts.

or in such other manner as may seem best, when the bills were paid. If the ticket collections of the day are unusually large effort should be made to ascertain whether an unusually large number of passengers were actually ticketed or not; in such case a memorandum should be made of the trains for which tickets are said to have been sold with a view of obtaining the evidence of the ticket auditor, who should be communicated with forthwith. If high priced tickets have been sold, the numbers and destinations of the tickets should also be taken and forwarded to the ticket auditor, so that he may compare the sales with the returns of conductors. In this way evidence may be collected by which the deception may be detected.*

Traveling auditors in visiting stations must keep in mind that the great object of their visits is to assure themselves that nothing improper is occurring by which the company will suffer. This fact cannot be reiterated too often. In many cases it is difficult to determine whether accounts are right or not. But the fact can be ascertained in every instance if care and patience are exercised.

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* In attempting to describe methods of discovering irregularities only a hint is possible. Observation and ingenuity must suggest the rest. It is only irregular methods that are in the main well known to men skilled in the conduct of railroad accounts that are attempted to be described herein. These descriptions, while they will convey but little information to experts, will be valuable to those whose opportunities do not enable them to familiarize themselves with the vicissitudes that attend the collection of railway revenue.

One means of defrauding is for conductors to turn over tickets they collect to ticket agents or others to be resold, the agent and the conductor dividing the proceeds. It is generally believed that this practice is a matter of rare occurrence. It is, however, one of the most subtle of all means of defrauding. It will occur where least expected, and in ways so devious as almost to defy detection. One day one class of tickets will be used, the next day another class, every device being practiced to disarm suspicion and prevent discovery. As stated elsewhere, uniformity is not observed as regards the kind of tickets used. There are, however, two or three classes that offer better facilities for fraudulent practices than others. One of these is the interline coupon ticket. It cannot be known definitely when these tickets should be returned by ticket collectors to the company over whose road the passenger goes, and consequently a margin of time is afforded for depredations.

In the event of collusion between conductors and ticket agents local issues have been generally used, but it does not necessarily follow that the ticket must be resold at the place where it was issued in the first instance. The point at which it is resold will very likely be intermediate between the place where issued and the place to which it reads. Thus if there were collusion between an agent at Syracuse and a conductor running between Syracuse and Albany, the Syracuse agent would not resell Syracuse tickets, but

tickets issued at some point west of that place, say Rochester. In such case the conductor would take up a Rochester ticket good we will say to Albany, and (after carrying the passenger to Albany) turn the ticket over to the agent at Syracuse to sell. In this way if it were noticed that the ticket was outstanding suspicion would be directed to the agent at Rochester and some conductor between Rochester and Syracuse, the agent at Syracuse and the conductor beyond not being considered at all. The subtlety of this particular practice illustrates a defect in the system of passenger accounts based upon the belief that tickets sold for particular trains can be checked with the collections for such trains.

In the event of collusion between conductors and ticket agents, they will resell whichever tickets afford the greatest profit and the least risk. They will not follow any particular plan for any length of time. No stated formula can, therefore, be laid down for discovering irregular practices in this connection. They will in time be detected if ticket collections are compared from day to day and by trains with ticket sales, but it will be difficult to locate the place where the detention occurs. Thus, while it may be suspected that there is improper cause when tickets are not returned promptly, it is not possible to determine, at least easily, why they are not returned. Evidences of irregular practices when they exist may frequently be discovered in the ticket cases and ticket offices. The evidence will

be the presence of tickets that do not read from the offices in question, or in the possession of tickets that have already been sold. But few instances are known where practices of this kind have been indulged in, but they have been of so aggravating a character as to suggest the necessity for vigilance. The practice referred to elsewhere, of restricting the life of a ticket to a very short period, say, twenty-four hours, is a more effective check upon irregular practices, such as I have described, than anything yet attempted. Preventive measures may be further advanced by provision for the redemption of unused tickets. In many states the law compels carriers to redeem tickets that are not used. The difficulty of carriers is to provide methods that will secure the prompt redemption of *bona fide* tickets not used, and at the same time avoid having tickets foisted upon them that have been used but not canceled. This may be attained in great cities by the establishment of a common center, where tickets may be redeemed on the spot, under proper precautionary methods, without red tape or delay. When such provision is made the state should second the endeavors of carriers by forbidding anyone except the agents of such carriers from dealing in their tickets.

In the event an agent is unfaithful, he will quite likely seek to conceal his ticket collections by selling tickets irregularly or suppressing record of them on his books. For the purpose of detecting omissions of this kind reports should be for-

warded to the ticket auditor by traveling auditors of local, interline and other ticket sales included in the account of the agent at the time of the examination. It should be the duty of the ticket auditor to examine these statements with a view of ascertaining whether they embody all tickets sold up to the time of such examination or not. This will not be difficult, as the tickets returned to his office are stamped with the date on which they were sold.

Shortages may be kept from the knowledge of a company by the agent using moneys claimed to have been disbursed in payment of vouchers, time certificates, gas bills and similar accounts. He may even go so far as to receipt the vouchers or cause them to be receipted. If for any reason there is cause to doubt the integrity of payments claimed to have been made, measures should be taken to ascertain whether the bills have really been paid or not. This can be done by going to the parties and asking for a record of the date and amount paid them, or by giving such reason as may be necessary to attain the end sought without exciting unnecessary remark.

Instances have occurred where vouchers remitted as having been paid by agents were not receipted by the payee but were signed by the agent himself and the money used by him. In other cases the signature of the payee had been obtained, but the money due on the voucher had not been paid. Such practices are not of frequent occurrence, and if necessary precautions are

observed in the examination of station accounts will be discovered. The practice of sending vouchers to agents to pay from station receipts should be restricted as much as possible to small amounts, inconvenient to pay by draft, and that would be more acceptable to the payee in currency. As a rule it is a good plan to pay bills by draft or check. It protects the payor. I have had several cases arise in my experience where payees afterward questioned the authenticity of their signatures to receipts, but fortunately, in every instance, the possession of the check by which the voucher was paid enabled me to satisfy them that they had received the money. When payment is made by check it is not, moreover, necessary to identify the payee with such scrupulous care as it is where currency is used, the burden of identification being transferred to the bank.

CHAPTER XIII.

FISCAL AFFAIRS OF AGENTS.

In devising accounts for corporations many objects have to be kept in mind, the nature of the business, facilities afforded, character of those who compile the accounts, and so on. The object is to obtain a systematic statement of the business and a comprehensive record of receipts and expenditures. In order to secure these objects many returns are required. These overlap and cross each other in a manner that no one not versed in such matters can understand. Their object is the eliciting of correct information and the prevention and exposure of irregularities. These objects are also of the utmost value to employes, especially the ignorant, incompetent and slothful, who, in consequence of their defective methods, would otherwise be subjected to continual losses. Instances are not rare where agents are saved from loss by the honesty of patrons coming forward and paying bills that would otherwise be overlooked. Such a condition of things is impossible where there is an efficient system of accounts properly enforced.

Leaving out of the question the errors that are thus prevented, an efficient system lessens temp-

tation to do wrong. It comes to the assistance of the honest, who would otherwise lose through errors and omissions, and strengthens the weak when they are beset by temptation. All classes are, consequently, alike interested in the introduction and enforcement of efficient and comprehensive methods.

In practical operations it is observed that the first indication of an agent's intention to betray his trust is failure to keep the records of his office in a clear and systematic manner and remit collections as required. It is an indication that he is busied in collecting brush in which he expects eventually to hide his rascalities.

It is of the greatest importance that constant and intelligent supervision over accounts at stations should be exercised, and agents carefully instructed whenever wrong. To render a thorough examination possible, accounts must be kept in conformity with prescribed forms.

When it is evident that an agent cannot, or will not, arrive at such degree of efficiency as the necessities of the accounts require, steps should be taken to find suitable employment for him elsewhere or retire him from the service. In this connection, however, all the qualifications required of an agent must be considered.

It will sometimes happen that men valuable in soliciting and handling traffic are incompetent as office men; they are too busy, or too obtuse, or too indifferent, or may be too stubbornly set on having their own way, to appreciate the necessity

of accounts being kept in accordance with prescribed rules and regulations. In such cases it is desirable that the agent's activity should be confined to the field in which he is really valuable. This can be attained by placing the accounts in the charge of the cashier or some other person, though nominally they may remain in the hands of the agent. It is particularly desirable, in such cases, to arrange matters amicably if possible. Men who have a value in a particular field should not be discharged (if it can be avoided) because they do not possess equal aptness in some other department. No great organization can ever be built up or maintained on such a basis. Men's peculiarities must be considered and utilized. In weighing the value of officials having general duties to perform it is well for office men to remember (because they are more likely to forget it than others) that anyone who can add a dollar to the revenue of a property, or save a dollar's expense, possesses a monetary value not to be weighed lightly against mechanical services of a negative character, no matter how necessary the latter may be. By the exercise of tact and patience non-office men may generally be managed without detriment to the accounts, though it may involve additional expense. But if their value in other directions warrants it the additional outlay is proper. It resolves itself therefore simply into a question whether their worth as managers more than offsets their deficiencies as accountants.

At small or non-competitive stations an agent who cannot or will not discharge the office duties of his place with efficiency ought to be removed. But at large stations and at competitive points merely routine work very often (though not always) sinks in value compared with other responsibilities. All these facts, upon which so much depends, must be dispassionately considered, and any annoyance which may be felt by accounting officers at seeing the work of their department mutilated must not lead to hasty or intemperate action. When, however, an agent does not possess the valuable business qualities described, and fails to perform his office duties properly, because of inefficiency, laziness, willfulness or other reason, there should be no hesitation in dismissing him. The efficiency of a great organization cannot be weighed in the balance against the retention of incompetent or unfit men, when there are so many who are competent and worthy seeking places.

In regard to the communications of traveling auditors and inspectors in reference to practices observed by them, the purpose of such communications must be remembered. If it is designed that they shall be referred to other officers or departments, they should not contain anything likely to antagonize the officials in question, where such antagonism would destroy or lessen the usefulness of the writer. While improper practices of all kinds must be promptly communicated by inspectors and traveling auditors

to those concerned, that is only one of the duties of the writers; they must also exercise diligence and intelligence in securing redress. As a rule the superintendent of a line is the key to the situation. His attention must be secured and his influence directed in the right channel. For this reason it is desirable that inspectors and traveling auditors should be on the best terms with this officer and his staff; their influence should be such as to enable them to secure the appointment of good men and the elimination of poor ones. Nothing can be attained by harsh measures or the promiscuous throwing of stones. Vinegar catches no flies. If tact is observed, the traveling auditors will possess such influence with the superintendents as the necessities of the service require; they will have it in their power to prevent the growth of lax practices or the perpetuation of those already in existence. Ability to do this is an evidence of fitness.

The operating department of a railroad is vitally concerned in having good men. Its credit and usefulness are impaired by the presence of men of a contrary character. For this reason, if proper representations are made, in the way of suggestion and otherwise, by traveling auditors, the latter may greatly aid in building up an efficient service. For these reasons the efficiency or inefficiency of the station force of a railroad may be said to reflect favorably or otherwise upon the traveling auditors and inspectors quite as much as upon the superintendent. The latter sees the

inside workings of his force through the eyes of the traveling auditor. If the latter fails to report the condition of affairs to him, or in a way that antagonizes him, he is in fault. But, in the case of unfit men, if the traveling auditor cannot compass their removal through the superintendent, efforts must be made in other directions. He must lay the matter before his superior officer. In no event can the retention of such persons be quietly borne.

The measure of efficiency that characterizes agents will be greatly dependent upon the ability of the traveling auditor to influence them without conflict or ill will, and when defalcations occur settlement will depend almost entirely upon his ability in securing the sympathy and co-operation of those disposed or willing to assist in adjusting the difference. The nature of his duties renders it important that he should keep himself free from prejudice or overweening confidence. This will be exceedingly difficult, as the nature of his duties will cause him to view the acts of those he supervises with unjust suspicion or too great confidence, and unless he exercises care his acts and statements will be colored accordingly.

While the accounts should be made to demonstrate the reliability or otherwise of the agent, too much importance should not be attached to trifles.* While a traveling auditor should avail

* In this connection I wish again to emphasize the fact that in speaking of *agents*, either here or elsewhere, I do not neces-

himself of everything coming under his notice, he must endeavor to estimate the importance of what he sees and hears dispassionately, and not as an officer pursuing a criminal. He must remember that he is not shadowing a supposed thief or ticket-of-leave man, but that the agent's character and standing in the community are equal to his own, and must not, therefore, be lightly or unjustly called in question. Many upright and capable agents feel the utmost sensitiveness in reference to the examination of their accounts, and while these examinations cannot be discontinued, prejudices should be respected, and men should be made to feel that the examinations are simply a routine duty. Not only must this delicacy be observed in all personal intercourse with agents, but endeavor must be made to prevent any knowledge of examinations reaching the public. The latter cannot be expected to know anything about the purposes of inspections, and is likely in consequence to misinterpret their meaning. Knowledge of them should therefore be carefully kept from all not immediately interested. In looking up uncollected freight bills and performing other duties incident to investigations, it will sometimes be impossible to prevent the acts of traveling audi-

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sarily mean the station or ticket agents of corporations. A treasurer, comptroller or manager is also an agent, and under the circumstances I describe is governed by like conditions. What I seek is the enforcement of such provision as is necessary to guard the funds of corporations everywhere.

tors from becoming known, but except in such cases they should be treated as confidential.*

It is impossible to determine in advance how often the affairs of an office should be examined. It will depend upon circumstances. It is manifest that an agent who has a long and honorable record can be more safely left to perform his duties than one who has had less experience or opportunity to establish his character. If, however, a high state of efficiency is to be maintained, irrespective of the character of agents or their length of service, frequent examinations must be made at irregular periods not farther apart in any case than one year. It is not desirable, of course, when accounts are examined, that the incumbent of the office should have reason to suppose that there

*I have in mind a traveling auditor who was unusually skillful and alert, but the intensity of his zeal finally led him to distrust nearly every agent; to view with direful suspicion the most harmless acts. At the same time there were a few in whom he had most unreasoning confidence. Except in the case of his favorites nothing ever came up to his expectations; and his criticisms, arbitrary exactions and, in many cases, tyrannical acts, coupled with his exaggerated suspicions, finally rendered it necessary to transfer him to other work. Because it was advisable, as a business precaution, to make frequent and searching examinations of the accounts of agents, he fell unconsciously into the belief that all officials must be rascals, and having this belief he harassed them day and night. While he was zealous, and in many respects capable, he could not rest satisfied with a reasonable performance of his duties, but his mind constantly conjured up acts of imaginary malfeasance, or beheld in the nod of passing employes conspiracies too dreadful to be thought of complacently.

will be no further inspection for several months. If the traveling auditor is familiar with his duties and acquainted with agents and their methods of business, his knowledge, coupled with the information gleaned from the balance sheets and in other ways, will guide him. In case of some local calamity, such as fire, the traveling auditor should be promptly on the scene to take needed measures for the preservation of the records and accounts and the protection of the company's revenue.

The number of accounts that a traveling auditor can examine from day to day will depend upon their character. But these officials will be able to expedite their movements greatly by making examinations conform to the movement of trains and ability to pass backward and forward upon the line without delay. Thus, by using sleeping cars, stations wide apart may be examined without loss of time or knowledge of the intended visit becoming known. In many instances other than passenger trains may be used to advantage. Frequently economy will be exercised and time saved by hiring a conveyance to go to an adjoining station, or in looking up uncollected bills when parties are at a distance from the station or widely separated from each other. But the hiring of vehicles should only be practiced when business can be accelerated thereby, and in all cases economy should be exercised in such expenditures. Special results may sometimes be obtained by using a hand

car between stations, but these vehicles cannot be used except by permission of the proper officer.

To enable the traveling auditor to achieve the highest attainable results it will be necessary for him to sacrifice his personal comfort in many instances, even to the extent of walking from one station to another;* or by working at unusual hours or continuously for many hours. While the duties of the office are not generally exacting, they are so when accounts are being examined. At such times not only is the work exacting, but the constant and intelligent vigilance that must be exercised is exceedingly laborious. However, as a rule, abundant opportunity of recuperation is found in enforced detentions at stations and the rest obtained in passing from one town to another.

It is desirable that as much time as possible should be spent in examinations; these examinations are the vital thing; to further them and prevent interruptions the data required should be obtained in advance. When exhausted or there is occasion for further information, it will be practicable to telegraph or write for what is wanted in the majority of cases. It will be necessary, however, to visit headquarters from time to time to examine the balance sheets of agents, but it will rarely be necessary except for this purpose. In regard to the correspondence of traveling auditors it should be attended to day

* This will be the case when he is snowbound or detained by wrecks or washouts.

by day, as it accumulates. Economy of time will thus be secured and necessary expedition attained.

In examining large stations the traveling auditor should have assistance. It is important that examinations should be completed as quickly as possible, and such assistance should be provided in advance as may be necessary to accomplish this result. When the cash accounts of an agent are separated, as they are when the ticket office is in one place and the freight office somewhere else, the traveling auditor should, when practicable, be accompanied by an assistant, so that the cash at both places may be counted simultaneously. After this is done and other preliminaries completed, the traveling auditor in charge can complete the work without further assistance. It is important in all examinations to make such provision as will secure effectiveness, and when two or more examiners are essential the necessary number should be present. But assistants should be dispensed with in every case where it is possible for one man to do the work effectively.

The pressing necessity for the exercise of care and vigilance in keeping the accounts at large stations cannot be too strongly emphasized. If there is neglect, inefficiency or awkwardness it is particularly harmful and results in the service becoming demoralized and the company suffering loss. This loss may not happen through peculation, though that is to be feared, but

through the errors and omissions that will occur. It is the experience of cashiers that they can safely rely upon having their attention called to the matter in the event they charge too much or give too little change. But it is not equally certain that their attention will be called to errors that result to their disadvantage. It is partly to prevent losses of this kind that systematic methods of accounting are to be enforced when it is impossible to personally remember all the details of a business.

The system of bookkeeping and methods of adjusting balances at stations should be so comprehensive that the exact state of affairs can be determined at any time. The cash on hand and the books of record should balance at the close of each day's business, any errors or omissions that have occurred being discovered and corrected then.

It is not easy to perfect accounts for a large station that will be sufficient to meet the varied requirements of the service and not at the same time involve too great expense. Moreover, after such a system has been introduced there will be a constant tendency to disregard its requirements. This tendency will not be willful, perhaps, but will arise from lack of appreciation of its necessity and value. At every station the force is constantly changing, and there are but few whose service continues uninterruptedly for a great length of time. There is consequently always a portion of the force lacking in experience.

These features, especially important in the case of large stations, must always be remembered and vigilance exercised to discover any departure from the rigid formulas that must characterize the accounts at such places.*

When methods employed at large stations are adequate, the labor of examining the accounts will be very simple and can be prosecuted with the same certainty of arriving at a definite knowledge of affairs that characterizes smaller agencies. But unless methods are comprehensive examinations will never be entirely satisfactory because to make them so would involve the task of investigating the business of the station in detail, and the correcting of the innumerable petty errors and omissions that creep in where such a state of affairs exists; it is impossible to balance accounts exactly, and a company can never, consequently, feel assured that if the differences in the cash were traced to their source they might not involve a large sum.

The amount of money handled at many large stations is very great. Remittances of twenty or thirty thousand dollars are not unusual. The

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* Upon different roads the technical names given to specific blanks and books will not coincide, or the time for making returns always agree; the accounts upon one road will be complicated, upon another simple and inexpensive; other differences of an apparently radical nature will exist. Nevertheless, the appliances to be used and the checks to be enforced will be substantially the same, no matter what the system or by whom enforced. This is especially true of the phase of accounting under consideration.

opportunity for blundering and improper practice is therefore very great.

A designing or incompetent person in charge of a large station can so muddle the accounts that they can never be entirely extricated or the details in reference to business fully known if systematic provision is not made in advance to prevent such an occurrence. It is easy, if the agent desires, to appropriate an enormous sum of money before the fact will be suspected. The remedy, or prevention rather, is a division of responsibility between the agent and the cashier. The method of accounting must be such that collections cannot, as a rule, be made without being entered on the books and transmitted, except through collusion between at least two independent persons. There is little probability of this as between agents and cashiers, as both are selected because of long and faithful service. When, however, the cashier is made wholly subordinate to the agent, he possesses little value as a safeguard. On the other hand, he should not be entirely independent. In all matters referring to receipts it should be the duty of each official acting independently to know each day, by personal investigation, that the financial business of the station is being generally transacted in a proper manner. When such division of responsibility is not insisted upon, the trust may be faithfully fulfilled in a thousand instances, but in the exceptional case, the company that bases its faith entirely on the integrity of one man will be

terribly smitten. While this fact is apparently patent it is nevertheless often disregarded. I remember an instance where the same company suffered a loss approximating one hundred thousand dollars, on two occasions, by trusting wholly to one man. In one case the agent appropriated one hundred and twenty-five thousand dollars and in the other the cashier took seventy-five thousand dollars. The corporation was one of the greatest and, in many respects, best managed in the country. Other instances of huge defalcations at large stations might be mentioned if necessary. Such defalcations when they occur are usually for great amounts. Their avoidance requires careful and systematic accounting and necessary division of responsibility.

It should be a condition of service and a fact well understood wherever a cashier is employed that the agent and cashier are jointly and severally to have personal knowledge of the disposition of receipts.*

* I remember a case where the cashier at a large station was entirely ignorant of the fact that the agent was a defaulter, although he (the cashier) handled the money and kept the accounts. It was the practice of the agent to personally enclose the daily remittance in the package. Instead, however, of enclosing the amount the cashier handed to him, he extracted what he wanted, but entered the correct amount on the books. The cashier never saw the receipt returned by the collecting officer, which was, of course, for the actual amount remitted. The receipt was intercepted by the agent, who was particular that no one but himself should open letters received at the station. The agent, moreover, made his own account current, and added the amount of his shortage to the balance due from a connecting railway company. Thus, by the simple device of

It should be the privilege and duty of the cashier as well as the agent to see that collections are remitted and that receipts therefor returned by the collecting officer are filed in the office where they may be accessible to everyone. There is nothing confidential in such matters and there should be no secrets in regard to them so far as the office force of a station is concerned. In fact, subordinate employes should be encouraged to keep themselves advised in regard to every detail affecting station routine, so far as the same can be acquired without neglect of duty. This should not be done, it is needless to say, from a desire to pry into things that do not concern them, but should be the result of a laudable ambition upon the part of employes to fit themselves to fill higher places by the acquisition of valuable knowledge. Where such a spirit governs a force irregular practices are not likely to creep in, and the character of the men and quality of service they render will be far beyond the average.

It is customary, when an agent is employed jointly by two or more companies, to notify the lines interested when an investigation is to take place, so that they may have their representatives on hand. This notice is not obligatory, however, and when there is reason to suppose

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enclosing his cash remittance, opening his mail and making his balance sheet, he was able to take a large sum of money without a suspicion on the part of the cashier that there was anything wrong.

the agent is not observing good faith, it is not customary to await the co-operation of other companies before making an examination. It will not be difficult, under such circumstances, to discover whether the agent is delinquent or not, and in the event he is, no time should be lost in protecting the examining company.

While those filling the position of joint agents are generally men of superior character and attainments, accounts are not always kept by them with the painstaking care observable at other places. Sometimes this arises from overwork, but frequently from lack of understanding or appreciation. The method of accounting will quite likely not be the same for all the lines. This will have a tendency to confuse the agent and render a perfect understanding of the different systems difficult. Accountability, to a number of employers, has a tendency also to weaken the hold of the employer and lessen the desire felt by the employe to do what is required. This will not always be so, but instances will occur. Lack of immediate accountability will also, in some cases, reach beyond indifference to forms of accounting. It is important, therefore, that the supervision over the affairs of joint stations should be constant and intelligent, and if the agent is inefficient, neglectful, indifferent or unfit, measures should be taken to bring the facts before the officers of the companies interested. This can best be done by a united examination of the accounts and by representing the

risk that is run by retention of the offending agent. However, the companies will, in the majority of cases, find it difficult to act in concert in cases of this kind. Various causes will contribute to this. The officials of all the lines may not have the same cause of complaint, or they will not attach the same importance to the delinquencies of the agent, or they may be securing some advantage by retaining him. These differences of opinion and interest will delay action, if not prevent it entirely. Under such circumstances it is necessary to act with tact. An open rupture with the agent by a particular company is undesirable, as his hostility, however covert, will result in injury to the complaining line. It is necessary, therefore, while seeking to prevent any breach of trust on his part to avoid coming into unfriendly relations with him until final action can be secured.

The difficulties surrounding the employment of an agent by several companies, and the demoralizing tendencies attached to such service, are so well understood by managers that when it is necessary to employ such an agent the organizations interested generally elect one company to hire, and, when necessary, discharge him. The company thus selected becomes responsible for the good faith of the agent, the correction of grievances, and so on.

When a traveling auditor is prevented from proceeding on his journey he should avail himself of the leisure thus afforded to examine the

accounts of agents accessible to him, without reference to whether they are on his route or not. He will thus be able to occupy his time as advantageously in many instances as if his journey had not been interrupted. As he will not, however, have the usual data for making examinations it will be necessary he should send the results of his investigations to the departments for verification. Thus, the remittances allowed should be certified to the proper officer, the same rule being observed in regard to tickets, freight, etc. In the same way when data for making examinations do not reach him as desired he should go ahead with his work, wherever he may be, and send the results to the departments interested for verification. In this way he will not be idle a moment. It is desirable when a station is examined that the traveling auditor should have the data necessary to prove the accuracy of the accounts at the time, so far as possible. But in the event he does not have this, he can proceed with the work, and see subsequently that the returns he makes to the different departments for verification have been duly examined.

Before leaving headquarters the traveling auditor should decide what stations he will examine, indicating his address from day to day, so that his whereabouts may always be known. He should also report from day to day where he is. If he be within twelve hours' ride of headquarters he can report by mail; otherwise he should use the telegraph. The report should be for-

warded so as to reach headquarters in the morning. If there should be any doubt about the notice sent by mail reaching its destination on time, he should also communicate by telegraph. The necessity for these reports is more urgent than is apparent at a glance. Occasions frequently arise where immediate action of the utmost importance is necessary, and if communication cannot be opened at once with the traveling auditor serious consequences may follow. Thus in cases of defalcation, not a moment is to be lost in reaching the station. If the investigation is prompt and the pressure for settlement immediate and imperative, favorable results are frequently attainable when a few hours delay would render them impossible, or doubtful. It is also necessary to communicate from time to time with the traveling auditor in reference to transfers, the opening or closing of stations and for other purposes that cannot be anticipated. It is of importance, therefore, that his superior should at all times be advised of his whereabouts.

The peculiar nature of the work of traveling auditors requires preparation and must be prosecuted under favorable circumstances, if the best results are to follow. Full and free access must be had by them to all books and papers affecting accounts. Investigations must also be retrospective, and as examinations are intended to be thorough it is important that they should not be anticipated, or special preparation made by the

person to be examined. The object of investigation is to ascertain the normal condition of affairs at the station examined. To attain this it is desirable that the incumbent should not have knowledge in advance. In the event, however, he should possess such knowledge and make preparations accordingly, any abnormal conditions resulting therefrom should be duly noted. It is, of course, the desire of every agent examined to make as good an exhibit as possible. This feeling is laudable, but should be grounded upon uniform businesslike habits; the habit of maintaining the affairs of the station in a high state of efficiency. Special preparations to meet examinations, like deathbed repentances, while they may be sincere, are not such as to inspire confidence. While it is not possible for an agent in anticipation of an examination to so cover up irregularities as to prevent a suspicion of wrong, it may be difficult to locate the trouble, or compel its acknowledgment.

The utmost care, therefore, should be exercised by traveling auditors to prevent their movements from being known in advance.* On

* Repeated instances of the necessity of keeping the whereabouts and intended work of traveling auditors confidential have been called to my attention. I remember one case where an unfaithful agent had confederates at stations on either side to keep him advised of the movements of traveling auditors in anticipation of their arrival at his station. One was a telegraph operator, the other an eating house employe. They conveyed the information to him by telegraphic cipher. This information gave him time to borrow the money necessary to cover up his shortage, and thus the traveling auditor always

this account communications giving a clue to their movements should be in cipher. The confidential nature of their work is apparent to all attachés of the line, and a discreet silence is consequently maintained by everyone. Should this rule be disregarded, however, for the purpose of embarrassing the auditor, the fact should be communicated to the proper officer for such action as the case requires.

When more than one traveling auditor is employed by a company the territory should be divided, so that each official may know the extent of his duties and the measure of his responsibility. This practice of dividing the territory is in the interests of peace and efficient labor. It

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found him with the requisite amount of money on hand, although he felt assured that it had not all been collected since the last remittance. He was, however, not able to catch the agent in the act. It became necessary in order to determine the exact status of the agent to send a man to the station whom no one knew to be a traveling auditor. His investigation elicited the fact that the accounts were short. I remember another instance where the traveling auditor could never find the agent at the station. He would, however, make his appearance shortly after the traveling auditor's arrival, and always with a relatively large sum of money which he stated he had just collected from various parties. It was the practice of this agent to watch the trains very carefully, and whenever he saw the traveling auditor alight he would hurry away precipitately in an opposite direction and not reappear until he had borrowed enough money to make good the deficiency in his accounts. Finally, after vain efforts to catch him unawares the traveling auditor ensconced himself in the baggage car, and on arrival at the station, waited until the agent approached, when he joined him and insisted upon his going directly to the office. His accounts were found to be short, as was anticipated. Instances also have occurred where new or indiscreet employes have thought it was commendable or an evidence of good fellowship to notify agents in advance of the movements of the traveling auditor, thus embarrassing him in his work.

will sometimes occur, however, that information will come to the knowledge of a traveling auditor in reference to occurrences not within his jurisdiction that should be known to the company. When this is the case he should advise his immediate superior, or if the case requires the immediate presence of a traveling auditor he should act without delay, no matter whether the work belongs to him or not. The thing to remember is that the company's interests do not commence nor end with the jurisdiction of particular officials, but exist at all times and over the whole property. Hence, if a traveling auditor should hear that a person who handles money within the jurisdiction of an associate auditor had absconded, or was likely to abscond, or was a defaulter, it would be his duty to repair instantly to the spot and without delay take such measures as the company's interests required.

The division of work upon railroads applies only to normal conditions. In case of disaster or wreck all render assistance, without reference to rank or duty. And so it should be in regard to traveling auditors. They must co-operate and advise with each other continually and heartily in all matters affecting their work, being particular to keep their superior advised of everything coming within the jurisdiction of his department so that he may be able act intelligently.*

* The necessity of traveling auditors co-operating actively with each other was called to my attention in a very forcible manner. Information came to one of these officials that a cer-

Cash must not be left in charge of an agent about whose honesty there is ground for apprehension unless security be given. And by security is meant private guaranties or a bond signed by at least three good parties, each of whom owns real estate free from incumbrance worth twice the amount of the bond, after allowing for property exempt by law from execution. When an agent cannot give such security without delay the proper officer should be asked, by telegraph, to send a man to take charge. It would be inexcusable to leave accounts in the hands of an agent believed to be dishonest for the purpose of examining the accounts of other agents against whom no such suspicion rested.

It is a maxim in the operation of trains to take the safe course when in doubt. This rule should also govern in matters having reference to a company's funds. It forms the basis of what I have to say. Whenever there are grounds for believing

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tain agent, not within his jurisdiction, was behaving badly. Had the offending official been located upon the line under his charge, he would, upon these reports, have instantly investigated the case; but as it was he felt that it would be indelicate for him to act in the matter, and the result was that the facts did not reach any official of the company until after the delinquent had defaulted in his accounts for a large sum and left the country. Had the traveling auditor who first learned of the matter repaired instantly to the spot, or had he notified the traveling auditor in charge, or their common superior, the case would have been overhauled and the leak stopped. But he thought that it would look as if he was over officious if he reported the fact. This was a very shallow way to look at the matter, but it was the fault of a young and comparatively inexperienced man.

that an employe who handles money is unfaithful, precautions must be adopted without delay.

It sometimes occurs that those handling money are found to be indulging in petty practices, contrary to the rules, too insignificant in themselves to cause dismissal, yet sufficiently grave to excite question. It will, perhaps, be impossible to tell whether the acts are the result of ignorance or thoughtlessness, or the subtle outcroppings of a natural disposition to do wrong. It may be found that the incumbent has taken the receipts of the station, claiming it was proper to do so in view of the fact that he had wages due him for an equal or greater amount; or that the taking of a few dollars to accommodate a friend, to be replaced on the morrow, was not improper. It would hardly seem possible that anyone could do such things except willfully; nevertheless, they will, and without its being possible, moreover, to determine whether their occurrence is due to ignorance, stupidity or dishonesty. If the using of a few shillings, more or less, is the result of ignorance or thoughtlessness, a simple reprimand will be sufficient to prevent recurrence of the evil. On the other hand, if the act is the result of deliberation, knowing it to be contrary to the rules, the occurrence, however petty, is the precursor of something more serious. In all cases, therefore, where an employe is found using the company's money, no matter what the sum may be, it should be insisted upon that he supplement the indemnity he already gives by private

guaranty or bond. It is always best to be on the safe side in such emergencies. The procurement of this security may put him to personal inconvenience. It will, however, emphasize the necessity of his turning over the cash as it accrues, and, very likely, have the effect to put an end forever to practices that, if not stopped, would ultimately terminate disastrously to him.

Fixed rules should, so far as practicable, be observed in regard to hiring, retaining and dismissing those who handle cash. Certain officers only are authorized to hire, discharge and transfer employes. This is the practice, and it is a proper one. When, however, anyone is discovered to be a defaulter he should be relieved forthwith by the traveling auditor. Notice of the fact, however, should be transmitted to the appointing officer so that he may take such action as the case requires. Mere ignorance, inefficiency, laziness, or inability to perform well the duties of his office, will not justify the traveling auditor in removing an agent. He should report the facts in such cases to the officer authorized to act.

When a person who handles cash is to be removed, it is generally a safe rule not to notify him in advance. Such a courtesy is quite likely not to be appreciated. The notice of removal should be delivered at the time of transfer. It is sometimes the custom to ask for the resignation of those to be removed for serious causes. The act is kindly and graceful, but rarely appreciated and is, in many cases, abused. I have known of

repeated instances where the parties thus favored have taken advantage of this prior knowledge to misappropriate the property or funds of the company and perform other improper acts. Moreover, if a man is a thief, a drunkard, a blackguard, or a stirrer up of strife, to permit him to resign is to grant him a bill of health for use elsewhere, misleading to employers and a hindrance and disgrace to other employes. When I say that a person who handles cash should not be given much, if any, notice in advance, I do not mean that men who are faithful should be discharged out of hand. In cases such as I mention, while the incumbent may be relieved on the spot, he may also be allowed a week or a month's wages, which is the same thing as giving notice. In enforcing rules necessary for the government of corporations, including the handling of money, arbitrary action is frequently unavoidable, but there exists no necessity for injustice to anyone, and it is as inexcusable and fraught with as much harm here as in any other walk of life.

Reputed losses occasioned by the destruction of offices by fire, or the breaking open of money drawers, safes or ticket cases, are to be examined into with the utmost care.

I remember an instance where a particular agent claimed to have been robbed by masked men. The inspector, however, was sceptical, and after interrogating the agent assured him in the most confidential manner that he felt convinced

that the agent himself had taken the money. The agent replied that it was not possible, but upon the inspector's reiteration of his suspicions the agent finally admitted that there was some foundation for it, and ended by removing his boots and producing the missing money.

In another instance, where a safe was robbed, the agent displayed a broken window through which the thief had effected entrance. The shattered money box bore evidence of the "cracksman's" skill. But something in the statement or manner of the agent led the auditor to believe that he was the robber, and upon investigation this proved to be the case.

Because of just reason to distrust claims for relief under such circumstances, the utmost caution should be exercised. No relief can be afforded for losses that occur through carelessness or neglect to follow rules.

As pointed out elsewhere, it is necessary when an agent or cashier leaves the service of a company to withhold a portion of or all the pay due him until his accounts are audited.

It is possible that way bills or other accounts may have been omitted. In such cases the amount will not be likely to be discovered until the account is finally audited. Retention of the pay of the retiring employe is therefore an unavoidable necessity.*

* It is the duty of traveling auditors in such cases to notify the outgoing employe exactly how much of his salary will be retained to cover contingent liabilities and when he will probably be paid the balance (if any) due him.

In explaining the minutiæ of accounts, both general and technical, it is of the utmost importance that perfect accord should exist between traveling auditors, otherwise instructions given by one may be countermanded or rendered of no avail by another. They should therefore agree upon every question, not covered by established rules, where difference is likely to occur. The duties and usefulness of traveling auditors will also be much advanced by the exercise of courtesy and tact upon their part in the performance of the delicate and responsible offices assigned them. Politeness is the most effective of all lubricants.

It is always presumable that there are no practices indulged in by trusted employes that are not right; nevertheless, the possibility that the contrary may be the case compels watchfulness. The ingenuity of unfaithful men baffles belief or description; in many cases their very pettiness is a guaranty they will not be detected unless especial vigilance is exercised.

I remember some years ago, when twenty-cent pieces were in circulation, it was discovered that the ticket clerk at a large station laid aside all these pieces he received or could get hold of. When he went off duty at dusk it was his habit to turn them over to the night clerk, who paid them out by the dim rays of a kerosene lamp as twenty-five cent pieces, thus netting a small profit. Another thrifty and ingenious soul was in the habit of adding one cent to every item on

which money had been advanced; thus, if he paid John Smith three dollars and eighty-four cents he would take credit for three dollars and eighty-five cents. The result was a considerable net sum. It is a favorite device of petty pilferers to add a few cents to the price of tickets or to the amount of freight bills. Nobody is greatly damaged, but the company is bound to protect its patrons in little as well as in great matters.

The investigations into the affairs of agents by traveling auditors too often engender unpleasant feelings. Conscious of the rectitude of his acts, the agent looks upon the minute and searching investigation as a reflection upon his integrity. He does not stop to realize that he is a part of a great machine, each atom of which is held in place by safeguards instituted for the protection of employer and employe alike, and imperatively necessary to secure efficiency and responsibility.

Examinations to be valuable should be impersonal, and should be so considered. They are embarrassing, doubtless, but not more so than other vexations of business. Moreover, when completed and the accounts are found to be correct, and the agent efficient in the discharge of his duties, it is impossible to believe that he can feel otherwise than gratified. It is by such examinations, pursued without reference to place or person, that the employer is able to separate the efficient and trustworthy from those who are not. This fact should be borne in mind, and

instead of impeding the traveling auditor or co-operating with him in a half-hearted way, incumbents should do all they can to facilitate his work.

CHAPTER XIV.

INSTALLING AND TRANSFERRING AGENTS.

One of the obstacles to be overcome in order to secure efficient accounting is the inertia of inexperienced and unfit men. Every new man installed is an experiment. These experiments have, however, constantly to be made. Old and tried servants leave the service or are promoted; others are required to take their places.

The accessions to a force are always unknown quantities and require special supervision. In order to make this effective it is necessary there should be special instructors familiar with station duties and fitted, moreover, to perform the office of teachers. There is less necessity for instructors upon old than new roads; but wherever changes are of frequent occurrence or inexperienced men are installed they are needed.

It is unavoidable that unfit men should creep into a service. Sometimes unfitness arises from inexperience and is only temporary. But it is often otherwise. Sometimes the work is so complicated or so great as to require time for even an experienced person to master it. In each of the cases referred to an expert is needed for the purpose of aiding and to advise the appointing officer if the incumbent proves unfit. During the

short time a traveling auditor is at a station he has but limited opportunity for observing a new agent. It is manifestly impossible, therefore, that he should be able to judge whether the incumbent can be safely trusted or not. He may form a shrewd estimate, but this will not always suffice.

It is a matter of frequent occurrence for new agents to ask assistance in writing up their accounts and returns. This can only be done by men appointed for such work. The traveling auditors cannot do it. They have not the time. The giving of instructions and aid is a minor incident in their work. When examining or transferring a station they explain the different books, blanks and statements, but they cannot remain long enough to teach inexperienced men their duties. When, therefore, an inexperienced person is appointed to take charge of a station a special instructor should be sent with him to remain long enough to thoroughly ground him in his work. In the event the special agent should not be able to accomplish this because of the unfitness of the agent he should report the facts to the proper officer, remaining in charge until a competent person can be appointed.

It also frequently occurs in the operations of business that in consequence of the sickness, resignation or removal of an agent, it is necessary to send some one at a moment's notice to take charge. The employment of instructors or special agents renders it possible to do this without inconvenience. Employment of special

agents will have a further beneficial effect; they will be a constant reminder to operating officers that the appointment of other than skilled men involves extra expense, such as the wages of the instructor, and so on. When the work is performed by a traveling auditor the extra cost is not appreciated, although as a matter of fact the expense is much greater than it is where a special instructor is kept to do the work. The traveling auditor has unusual expenses, and his position being one requiring great skill and trustworthiness, his compensation is greater than an instructor's need be.

It is difficult to estimate the outlay the employment of inexperienced and unfit agents occasions a company. To the cost of instructors we must add waste of stationery and other material, delay of work and the embarrassment of the service generally. To these may safely be added loss of revenue in consequence of the agent not understanding the business or being able to manage the station with the smoothness and despatch essential to a profitable use of the company's equipment and facilities.

On these and other grounds, when skilled men are not appointed the officer in charge should have some competent person who shall remain at the station with the agent until he is qualified to act, or his unfitness is demonstrated. When instructors are employed they should be bonded the same as other agents, and should be men of good character.

More or less of the time of traveling auditors is spent in adjusting the accounts of incompetent employes. This is not one of their duties. Every company pays sufficient to have competent men. When a traveling auditor finds the books muddled because of incompetency or lack of force sufficient to do the work, he should lay the matter before the appointing officer so that the evil may be corrected and similar mishaps avoided elsewhere.

There is no limit to the number of traveling auditors it will be necessary to employ if the station force of a railroad is not kept up in number and efficiency. It is much cheaper to hire a competent clerk or agent than a traveling auditor.

Where incompetency exists or the force is inadequate it is frequently unknown to those who have the appointment of agents, and all that is necessary for the traveling auditor to do is to lay the matter before them to secure redress. Excuses upon the part of traveling auditors for neglect to perform the duties required of them, and for which they are primarily engaged (namely, to look after the cash of the company to prevent defalcations), cannot be accepted on the ground that station forces are inadequate or incompetent. If the force at any station is inadequate or inefficient, and traveling auditors cannot secure redress, they should communicate with their immediate superior so that the matter may be brought before the general management.

It is especially important to traveling auditors when examining a station to know whether previous instructions have been carried out in good faith or not. A noticeable thing in the reports of traveling auditors in regard to an inefficient agent is the statement, "Promises to do better in the future," while reference to previous returns relating to the same agent too often discloses the same promise. If traveling auditors will keep a record of such promises, they will not fall into the habit of reiterating them as if they had never been uttered before. However, we might overlook the absurdity of the thing if it did not indicate lack of honest intention upon the part of the agent, and want of method upon the part of the traveling auditor. It is not in the nature of things that a person should have respect for a superior whose methods are so lax as to cause him to accept the same excuse two or more times without detecting its repetition.

It is to be expected that a station force will make mistakes of omission and commission, more or less errors of understanding and inattention, of ignorance, neglect and indifference, but when its attention is called to the delinquencies they should cease.

In the majority of cases it is only necessary to point out a mistake to secure its correction. When this is not so, the cause of failure must be ascertained; if the omission arises from unintentional neglect, or through ignorance, the failure, although unfortunate, may be overlooked. If,

however, it is intentional and willful the facts should be communicated to the proper officer for his action.

The traveling auditor will bear in mind that, so far as practicable, he must instruct employes in their duties. It is to be expected that many will be appointed who lack experience; who will need repeated coaching. He must watch the progress of such and note discriminately delinquencies arising from inexperience, in contradistinction to those occasioned by carelessness, indifference, dishonesty or other causes. When instructions are given a record should be made as already intimated and the matter kept in mind, so that it may be ascertained afterward if they have been complied with or not. Continued reiteration of instructions is demoralizing.*

It cannot be too strongly impressed upon appointing officers that agents at distant stations,

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* I remember to have had a traveling auditor report to me at one time that a certain agent was not remitting his cash receipts daily as directed, but that he had given him full instructions in the matter and had no doubt that the delinquent would do as required in future. Here he seemed disposed to leave the matter, while the fact was that the agent in question had received exactly similar instruction from three other traveling auditors, and had promised them the same thing. When employes are found disregarding rules a memorandum should be made so as to see whether the employes at fault have been instructed in regard to the matter before. It is idle to give instructions if no effort is made subsequently to see whether they are observed or not. It would be well if traveling auditors, before visiting a station, would examine the previous records of such station and note the status of the agent and what instructions have been previously given.

which cannot be reached without considerable loss of time, should have had experience in their duties previous to their appointment and have demonstrated their competency and reliability. Examinations of such stations entail extra expense and neglect of other work.

Among other things, traveling auditors should become familiar with the workings of all departments of the service, in order that agents may obtain needed information from them. Moreover, the instructions printed upon the blanks of a company should be complete as regards their use, so far as practicable, and traveling auditors should be particular always to point out the authority on which their instructions are based. Every effort should be put forth to lead agents and others into the habit of seeking information in regard to their duties from every practicable source; they should be taught that "knowledge is power."

When an agency is closed, or a transfer of accounts from one agent to another is made, the books should be written up and settlements effected by the traveling auditor or under his direction. The necessity of this is obvious, but is not always understood by those not connected with the accounts. In many cases the outgoing agent leaves the service of the company; in such event it is important that the exact status of his accounts should be known and settlement effected at the time. But whether he leaves the service or not, it is none the less necessary that a

balance should be struck while the amount can be determined, and details are at hand and susceptible of explanation. This is necessary not only to protect the company but all the parties interested, including the bondsmen. It is important to the retiring agent that he should be able to prove just what he has turned over to his successor, and on his part the incoming agent is interested in knowing exactly where the line is drawn between his accounts and those of his predecessor. Moreover, it is necessary to know the balance in order to adjust the account upon the general books, as only a portion of the amount against the retiring agent is paid in cash, the balance being chargeable against the incoming agent. The balance sheet or statement of transfer* should specify these amounts.

Other reasons might be given if necessary why transfers should in every case be made by the traveling auditor or under the direction of some one connected with the accounting department.

In order to facilitate transfers of accounts due notice should be given the traveling auditor by the proper officer, if possible, of retirements or replacements of agents, so that arrangements can be made in advance. This is, however, often impossible and traveling auditors must in consequence always bear in mind that they may be called upon at any time to make transfers of accounts. In this connection it sometimes occurs that both the outgoing and the incoming agent

* See Form No. 7, Appendix.

are skilled in accounts and understand exactly what is required and how to make the transfer balance sheet. In such a case they may be allowed to make the transfer between themselves under the direction of the traveling auditor, without his presence, if for any reason it is inconvenient for him to be on hand. Such instances are, however, rare and should not be used as precedents. In such cases, moreover, the security to be given by the incoming agent should be provided in advance of the transfer and arrangements perfected for settling the balance of the retiring agent.

Before going to a station to make a transfer, the traveling auditor should supply himself with the data necessary to enable him to ascertain the status of the accounts. This information is the same as that required in making an examination. Greater care, however, should be exercised, if that be possible, because of the difficulty of subsequently correcting errors or omissions. Everything properly chargeable, as indicated by the accounts, must be entered, while credits must be analyzed and their authenticity determined. Among important things to be considered it must be known that the remittances claimed are correct, except in case of those in course of transmission, and those should be verified, so far as possible, by the express book; it must also be seen that the bills claimed to be uncollected are so in fact, and that any other credits are in accordance with the facts.

Claims for relief for charges on the company's construction material, graders' outfits, short freight charges advanced on the company's material, and similar things; also, unadjusted differences in the freight or passenger accounts should not be transferred to the new agent, but left in the outgoing agent's account for adjustment, unless the amounts have accrued since the last account current. An itemized statement of claims left in the outgoing agent's account should accompany the transfer balance sheet.

Freight charges on government property, for which government bills of lading are issued, may be transferred to the incoming agent after the amount claimed by the outgoing agent has been checked with the abstract of way bills reported to the freight auditor; this should be done at the time of the transfer. A statement of government bills of lading turned over to the incoming agent, giving the number and date of each, should be rendered with the transfer balance sheet. Government bills of lading must be receipted before being turned over to the incoming agent.

In making transfers it is necessary to examine and count the tickets on hand for the purpose of ascertaining the number and amount chargeable to the retiring agent.* All way bills received since the last account current should also be charged to him. Balances from the preceding

* The incoming agent should be required to give a receipt for the tickets on hand, as he will be held accountable for their value, but he should count them before doing so.

account current should be brought forward and noted; also amounts collected for miscellaneous purposes.

When making a transfer, an inventory must be taken by the traveling auditor of supplies and portable property on hand turned over to the incoming agent. There must also be made and forwarded to the proper officer a list of baggage checks on hand, transferred to the incoming agent, and in the event there are any particular forms or blanks that have been charged to the outgoing agent, a statement of the same must be forwarded to the proper officer, so that the account may be transferred on the books to the incoming agent.

The intent and aim of every transfer is to make it complete and to so arrange the accounts that the line of demarkation between the business of outgoing and incoming agents will be clearly shown by the books and records of the company at the station and in the departments interested.

When cashiers, ticket sellers and other subordinate station employes are transferred or relieved, it is not necessary that a traveling auditor should be present to pass upon their accounts. This duty belongs to the agent and must be performed by him except when the accounts are kept in the name of the retiring employe. In that event the transfer should be made in the manner prescribed for agents. The same rules and regulations govern.

In the opening of new agencies it is desirable upon many accounts that the agent should be installed by a traveling auditor, but this duty may be omitted when it is not convenient for him to be present, or the incoming agent understands his duties, including the keeping of accounts. In the event he is ignorant in any particular a traveling auditor or instructor should be present to render such assistance as is required.

One feature that should be impressed upon all station employés, especially those not fully posted in regard to duties and methods of accounts, is the necessity of rigid observance of the rule requiring the total amount of cash collections to be remitted daily. This is vital, and so simple and easy of execution that the dullest can understand. Mere errors and omissions in the accounts of an agent may be leniently viewed (if the result of inexperience or ignorance) if the exact amount of cash collected by him for the company has been promptly and fully remitted.

CHAPTER XV.

THE AGENT'S BALANCE SHEET OR ACCOUNT CURRENT.

The balance sheet is the financial barometer indicating the condition of the business it summarizes.

If intelligently classified and truthfully made it affords an invaluable résumé of the affairs it particularizes. It is in relation to all other accounts what the main sail of a ship is to its jib or top sail; what the whole is to a part; the greater to the lesser. It is the financial ocean to which all lesser bodies tend and in which they are finally ingulfed.

It chronicles all things and exhibits the sources of income and expenditure and their relations to each other.

It brings within the focus of the eye and understanding the most extended and complicated affairs, classifying the debits under appropriate heads and explaining with equal clearness the nature of the credits.

It is the terror of rogues and the justification of honest men; to the former it indicates the shoals whereon their craft may be dashed to pieces; to the latter it is a deep land-locked sea whereon their vessel safely rides at anchor.

As an adjunct to the returns rendered by an agent the balance sheet, or account current, is indispensable. It classifies the business and exhibits the amount chargeable to him from every source; also, the items to his credit.* It is also valuable as indicating the measure of zeal and intelligence observed in handling the business of a station. If the agent has been diligent in making collections the fact will be evinced; if dilatory, the swollen list of uncollected items will indicate the fact.

The balance sheet brings a business within the vision of the proprietor. It enables the subordinate to say to his superior, "Observe the condition of my trust, its extent and the methods observed; see what I have been doing and the productiveness of my business; note what I am justly chargeable with, the credits I am entitled to."

It is a showing of hands, an inventory of cause and effect, the income and outgo, product and disposition. It affords light where otherwise darkness would exist.

A railway official finds on his books immense balances in the aggregate standing against agents and others. With the aid of the balance sheets he is able to classify the amounts due from each; to determine the cash in course of transmission; the uncollected bills; working fund; balances brought forward, and so on. In each case particulars are specified. The items that make up the

* See Form No. 2, Appendix.

balance he examines in the aggregate, and in detail, and thus determines their probability.

A balance sheet does not prevent a man doing wrong, but it renders it more difficult—multiplies the probability of the wrong being discovered. Every item forming the balance sheet is susceptible of minute analysis, either from the returns of the agent (verified by returns from others), or from the books at the agency. The difficulty of covering up a deficiency harasses the delinquent constantly, and is a perpetual warning to follow the narrow and beaten path of prudence and honesty, no matter how inconvenient it may be.*

As soon as possible after the receipt of the balance sheets of agents at headquarters they should be examined by the traveling auditor. The examination should be general. Particular attention should be paid, however, to the amount of uncollected bills on hand, and the amount of the closing remittances as compared with those previously sent. When the list of uncollected is disproportionately heavy or the closing remittances are much larger than those preceding them, the accounts of the agents should be investigated, as these are among the first indications of irregular practices.

* The form of agent's balance sheet or account current in the appendix hereto is worthy of examination. It is the result of years of study and evolution. Each feature it contains has in view the accomplishment of some special and necessary purpose; which, if understood and observed, will aid in discovering whether affairs are satisfactory or not.

In examining the account current the list of Uncollected Bills on hand should be footed and compared with the amount entered on the face of the balance sheet. If the remittances are generally for even amounts it is evident the agent is not faithfully observing the rule to remit the exact amount collected. It is also necessary to see if the last remittances are promptly received at the general office.

Immediately upon receipt of the balance sheets of agents and conductors the remittances should be compared with the cash book. In the event remittances are claimed to have been made that have not been received at headquarters the matter should be referred without delay to the traveling auditor for investigation.* Any unusual delay in receiving a remittance indicates that it was not sent forward on the day stated, and an investigation may elicit the fact that the business of the succeeding month has been made to contribute the money to balance the account.

The working fund at an agency while necessary should be no greater than is needed and agents should not be allowed to increase it without permission. The object of the working fund is to furnish the small change required to do business, thus rendering it unnecessary that the

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* It will sometimes occur that remittances will be credited to the wrong person in the cash book, or that remittances of vouchers, time tickets, etc., will be returned to be perfected. The object of the examination is to discover at once fictitious remittances inserted in the accounts to cover up shortages.

agent should retain any portion of the current cash collections.

If the list of uncollected bills embraces items evidently not received very near the close of the month (or week, as the case may be), the attention of the agent should be called to the necessity of expedition in making collections, etc., at the same time explanation should be asked in the particular case under consideration.*

The balance sheet should also be examined to see if the report of freight received after the date the account is closed corresponds with the amount of credit taken for such freight; these items should also be scrutinized closely to see if they are correct. The credit for these items is purposely apart from the uncollected on hand at the close of the account, so as to be able to determine better whether the agent is energetic in his efforts to keep his uncollected as small as possible or not. If there should be occasion to suppose the list is not what it purports to be, the dates of the uncollected bills should be compared with the dates of the way bills. If an agent is delinquent in his accounts he will very likely

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* It is assumed that bills are paid on delivery of property and that the uncollected represents only charges on goods on hand. It will occur, however, in consequence of sharp competition and for other reasons, that property will be delivered without the collection of charges, the collection being deferred until such time as may be agreed upon. In cases of this kind there should be a record of the agreement in the general office, so that it may be consulted in those cases where the agent is found not to be collecting on delivery of goods.

give fictitious dates in his list of uncollected bills for the purpose of making it appear that the freight reached the station too late to collect the charges.

All irregular or special entries on the balance sheet should be fully explained and every case investigated where the rule is not observed.

In view of the fact that agents must take credit on their balance sheets for claims due them which are in course of adjustment in the office of the freight and ticket auditors, or elsewhere, it becomes necessary that the officers interested should pass specifically thereon each month, with a view of determining whether they are *bona fide* or not. Accordingly, the officers concerned should examine all such items, noting opposite each the facts in regard to it. This examination should be specific and thorough. It should not accept any gross sum as correct without examination. Instances have been known where defaulters have covered up their shortages under a claim that relief vouchers or credits due them were delayed in the departments. This is a common means of covering up defalcations, and the safest of all if the account is not specifically examined. Consequently, it is of the utmost importance that every such claim should be examined without delay. If it is necessary that the examination should be made on the spot the traveling auditor should be communicated with so that he may make inquiries. Ordinarily the proper course will be to investigate

in detail item by item. This will put the examiner in possession of the facts. It is to facilitate this, that the agent is required to render a list of uncollectible charges.* It also expedites handling claims for relief on the following accounts: amounts erroneously charged agents; amounts paid to connecting lines on freight for the company's use; amount of charges on graders' and contractors' outfits with whom the company has contracts; amount of charges on unclaimed, short and damaged freight; amount of charges on freight properly charged but of which the agent should be relieved. By the use of this return the account can be classified and the officer in charge enabled to ascertain at a glance the amounts which should receive his attention. The others are sent by him to the departments interested, who return the same with notations verifying, or otherwise, the statements made. The return is then attached to the agent's account current and filed away for future reference.

In the event it becomes probable, from an examination of a balance sheet, that a shortage exists, the traveling auditor should at once be notified to proceed to the spot. These officials should not be called away from their routine work, however, except for urgent reasons. Their time is too valuable and, in order to accomplish the best results, they must pursue their work methodically.

* See Form No. 9, Appendix.

As a rule, claims for relief made by agents may be investigated without going to the station, if the investigation is carried forward promptly and systematically. The difficulty in most cases is that those who have the investigation in charge rest content with writing a letter or referring the matter to some other official, whereas the inquiry should be pressed incessantly until the facts are determined and acted upon. Vague and indefinite assertions should not be accepted. Each claim should be substantiated by an itemized account, which account should be scrutinized and verified. In many cases it is necessary to refer the matter to several departments, one, perhaps, being able to demonstrate its correctness so far as the accounts are concerned, another the authority therefor, and so on. Each should act promptly.

When the various items that make up the account current of an agent have been severally audited or passed upon by the departments interested, a supplementary examination of the balance sheet should be made by the traveling auditor for the propose of scrutinizing the agent's method of doing business; also to see how the corrected statement compares with the original, and whether the changes that have been made indicate that the balance was forced in the first instance or not.

It is a good plan when a balance sheet is improperly made—as it is very likely to be in the case of new agents—to send the incumbent a corrected statement to be used as a model.

In all correspondence relative to accounts, matters will be greatly facilitated by the exercise of care, by stating the case so fully and clearly that misunderstanding will be impossible. The writer should put himself, as far as he can, in the place of his correspondent. If he succeeds in doing this, he will have no trouble in making himself understood.

CHAPTER XVI.

THE TRAVELING AUDITOR AND HIS DUTIES.

The traveling auditor is the eye and arm of the official having charge of the cash and traffic accounts.

In the early days the duties of this office were performed by clerks and minor officials sent from headquarters as occasion arose. Almost anyone was thought sufficiently capable. The work was not considered to be important or pressing. In those times it was believed that every company must lose more or less from defaulting agents. Delinquencies were looked upon as a necessary evil. Everybody dabbled a little with the accounts and with the cash and responsibility was so divided that when mishaps occurred it was not considered to be a reflection upon any particular person. Defalcations were looked upon as a sort of visitation of Providence. With the multiplication of stations, however, and increase of business and knowledge, the office grew in importance, and, accordingly, a particular person was assigned to fulfill its functions.

The traveling auditor must be a man of more than average attainments. He must be a first rate accountant and have a good knowlege of

men—be a good judge of human nature. He is the only official representative of the company with whom many agents and employes ever come in contact. It is through him that those in charge of the local finances and accounts see and direct the agents and conductors who handle the receipts. Through his reports the officers at headquarters are advised of the character of agents and employes and of the manner in which they perform their duties.

In order to accomplish the highest results, it is necessary that the examinations of traveling auditors at stations should be as expeditious and as unobtrusive as possible. In order to do this the official must be discreet and must possess much technical knowledge of railway business. He must know all about station affairs, the ticketing of passengers, the handling of freight, baggage, car service, switching, and the thousand and one miscellaneous things that characterize the routine of work. He must also be energetic and industrious beyond ordinary men. Coupled with these, he must be amiable and polite. He must have the peculiar talent needed to enable him to ascertain what he desires to know, with the least friction; with the least offense to those with whom he comes in contact. He must neither boast nor threaten. He must have, moreover, the courage to perform the duties of his office, which only intense interest can engender. His temperament must be of such order that, while he believes in

the rectitude of everyone, nevertheless the interests of the company and employe require that nothing shall be taken for granted, but that every device necessary to demonstrate the rectitude of all shall be exhaustively applied. In other words, while he believes every man to be honest, and treats him as if he were, his examination is as searching and minute in its character as if he were convinced that there was something wrong, which only rigid inspection would disclose.

The integrity of those filling the office of traveling auditor must be above reproach. These officials, moreover, must be particular not to accept favors that will embarrass them in the discharge of their duties. Moreover, their financial affairs must be in such shape as not to require them to borrow money or run in debt.*

It is the duty of the traveling auditor to visit every station at infrequent intervals, interrogate the agent, see that his books are properly written up, balance his cash, note discrepancies and interrogate the cause thereof. In the examinations any errors or misapprehensions that the agent is laboring under are corrected, and so systematic

* I have a case in my mind where a number of viciously inclined agents found their opportunity in the impecuniosity of a traveling auditor. His necessities induced him to borrow money of them, and in consequence he placed himself in their power, and in doing so rendered it impossible to enforce the rules against delinquents. The result was that those who were dishonestly inclined took advantage of the practical vacation of the office. Many shortages occurred, one of them exceeding eighteen thousand dollars; others for lesser amounts. The trouble had its origin in the impecuniosity of the auditor.

are the inspections, when rightly conducted, that an agent must be dull indeed if he does not rapidly acquire facility in the affairs of his office.

The duties of a traveling auditor require clearness of mind and familiarity with traffic accounts, and as he is frequently called upon to act on his own responsibility in cases of emergency (when it is impossible for him to consult with his superior), it is necessary he should be a man of resources. Much of the work he is called upon to perform cannot be classified or explained in a manual.

It is the business of traveling auditors with many companies to act as the supervisors of all who handle money, without reference to the position of the incumbent, and in the event they discover anything wrong to notify the proper officer of the fact promptly and fully. Thus, if they discover any irregularity, carelessness, inefficiency, subterfuge or practice upon the part of paymasters in the care, handling, transferring or paying of money, or upon the part of cashiers and attachés at headquarters, it is their duty to notify the proper officer promptly. Those who are handling money honestly and efficiently can not but be benefited by this supervision. If they are lacking in these qualities, or their habits or the practices of their lives are such as to unfit them for positions of trust, this supervision will help to protect both them and the company. The duties of traveling auditors should not

commence and end with station agents and their attachés, but extend, as stated, to every person who handles money, including paymasters, cashiers, messengers, dining car conductors and those having working funds or who are permitted to make drafts on the company. Traveling auditors may not, indeed, be authorized to formally examine the accounts of such persons, but if they learn of anything wrong in their practices, methods of business, mode of life or habits, likely to jeopardize, directly or indirectly, the cash of the company, or its safe custody, it is their duty to notify the proper officer of the facts, so that due safeguards may be thrown around the interests of the company.*

* I am led to make the suggestions contained in the last paragraph because of the circumstances attending a particularly aggravating case of defalcation, of a general cashier, that came to my knowledge. It was known to many, including several traveling auditors, that the official in question was living beyond his means, and that his habits were extravagant, and that he was speculating. Yet not a word in regard to the matter was breathed to the officers of the company. The cashier in question was esteemed to be an absolutely honest man; he had handled money constantly for ten years without a breath of suspicion attaching to his name. Yet he broke down miserably in the end because of certain small debts he had incurred and was unable to pay promptly. These debts led him to borrow a few hundred dollars from the funds of a local improvement company of which he was treasurer. Notification of the audit of such accounts, which he could not prepare for in time, led him to take all the rest of the money they had, also such money as he could lay his hands on belonging to the railroad company. This failure emphasized more particularly than anything that ever came to my knowledge the necessity of men who handle money keeping out of debt, of living within their means and when they do not that extra measures be taken to protect the employer.

When the necessities of a company require the presence of a general traveling auditor, the duties of the office must be carefully defined lest it weaken instead of strengthen the service. If this is not done, the responsibilities of other traveling auditors will be impaired and the service suffer in consequence. In any event, the general traveling auditor should act through and not over his associates.

In many respects the duties of the general traveling auditor conform to those of the traveling auditor proper. Such portion of the territory should be assigned him as his general duties will permit him to look after properly. Naturally, this would be near headquarters so that he might be accessible at all times. It is his business particularly to scrutinize the accounts as they reach headquarters, to examine the balance sheets required from everyone at stated times, to watch remittances as they come in to see that no break occurs in the chain, and that prompt action is taken in the event any wrong or suspicion of wrong arises.

He acts either directly or through the traveling auditors proper, as may be best in cases of emergency, and in all other ways strives to increase the usefulness of his associates and build up the good of the service. He looks particularly after the bonding of employes, to see that security is adequate, both as regards amounts and character of the bondsmen, also to see that no persons of doubtful character creep into positions

of trust. His duties are generally those of a special and alert guardian.

The sphere of the general traveling auditor naturally extends to the departments and general offices of a company; he looks after such as are required to give bonds, whose accounts need auditing, and so on. These include general cashiers, paymasters and kindred officials. In the event of a defalcation it is his business to see that the amount is collected; his ability and the resources of his associates in this direction will be an index of their efficiency.

In the operations of business a detailed report should be rendered by traveling auditors of each examination or transfer made by them. This report has several objects. In the first place it is a reminder to the person making it of the salient features to be looked into at every examination. It is both a guide and an index, as the reader will observe by referring to it.* It is intended to afford a careful résumé of methods observed in keeping accounts, and the measure of fidelity observed in handling the company's funds. It is also an important record, and when several of these reports have been filed for the same agency they form a reliable index of the capabilities of the agent. It, moreover, enables the traveling auditor to show what he is doing as well as the character and practices of agents.

For a long time it was not the practice for traveling auditors to make a report of their

* See Form No. 1, Appendix.

examinations; upon many lines this custom continues. The result of the omission was that no record was preserved to refresh the memory of those interested; the circumstances attending investigations were soon forgotten, and when a new traveling auditor was appointed it was necessary for him to make original inquiries in every instance before he could acquire the information necessary to enable him to form a correct judgment of the agent's fitness and character. Thus, expense was incurred again and again in reference to employes who had established reputations either of a favorable or unfavorable character.

Reports from traveling auditors were suggested, not only for current use, but as records for future reference. If intelligently and honestly made they afford a true index of the manner in which the financial affairs and accounts of an office are conducted. They stimulate incumbents to do their duty. The report of the traveling auditors should be made as soon as the examination is completed, while the incidents connected with it are fresh in the mind of the examiner; also to enable the official in question in the event of any omission to correct it before leaving the station.

The making of reports by the traveling auditor from day to day renders the form so familiar to him that he is liable to fall into the habit of doing the work mecnanically. This tendency should be guarded against, and it will be a good plan when any part of a report is unfavorable to the agency examined to designate the fact in red ink; this

will bring the incident before the proper officer more vividly than would otherwise be the case, and will also serve to impress it upon the writer.*

It is the practice of some companies to require the traveling auditor to investigate affairs other than the accounts at stations.† Thus, he will be required to report on the business facilities of the station, the condition of the passenger rooms, warehouses, platforms, sidings and other fixtures; the measure of the agent's fitness as a business man, his standing with the community, his personal habits, acquirements, popularity, age, fortune, family, and so on. This information is interesting, and if intelligently compiled is of value. It is a fact, however, that these details are generally known to the officers entrusted with the working of the line. Much of the information, however, if laid before the general officers of a company would aid them in judging of the fitness of subordinates and the adequacy or otherwise of accommodations. The trouble is, as a rule, that general officers do not have time to examine and pass upon such returns. The details are of no use to the accounting or financial officer as they do not fall properly within his

* When an employe leaves the service of a company or is transferred, the report of the inspector should state the length of service of the employe, the cause of his leaving, where he is going to, and his character and capabilities.

† The first form of report ever required from traveling auditors was, I think, prepared by myself many years ago, and contained such information in regard to the general affairs at stations that I subsequently found it advisable to abandon.

province. I would suggest for this reason that when information in regard to the physical condition of stations is required from traveling auditors, it should be embodied in separate returns and should be forwarded directly to the departments interested. If this can be done, the information will be valuable in the proportion it is desired by the official to whom it is sent and the measure of confidence he reposes in the person making it. Generally speaking, an accountant is not a competent person to judge of the adequacy of station facilities, the condition of the property or the business qualifications of the agent. His report is, therefore, not likely to receive much weight. It will, at best, be taken as affording only a possible clue to the condition of affairs. This clue, if followed, may, in many cases, be of value to managing officers. But the information will hardly possess much interest to division superintendents and others immediately in charge of station affairs, as their inspection is, or should be, more frequent and thorough than that of the traveling auditor.

For these and other reasons the form of report generally adopted does not give any details except those affecting the accounts or such matters as bear directly thereon, or serve to indicate the character of those in charge. The form of report embodied in the appendix hereto has been in use for many years, and as new blanks have been printed from time to time, the opportunity has been taken taken advantage of to make such

changes as the practical use of the form suggested. The report is still imperfect, but, considering our limited knowledge and facilities, covers a great deal of ground.

Reports of traveling auditors in relation to men and things are of a confidential nature. In some cases they are directed to the immediate superior of the traveling auditor and in others are sent directly to the officers concerned. The return in reference to fiscal affairs, embodies, it will be observed, a series of questions addressed to the traveling auditor in regard to the station and its operations, forces, etc., which he answers according to the facts on the margin of the blank. The object of the traveling auditor's investigation is to ascertain by personal examination that the affairs of the company are properly handled, that all cash collected on its account is duly and properly accounted for, and that the books and papers are kept according to prescribed forms. These are the objective points, and while many other duties may be added, they must always be of a secondary nature.

The reports made by traveling auditors should be filed for preservation, and when a sufficient number has accumulated may be bound in book form and indexed. No intimation of the results of examinations should be given unauthorized persons.

In addition to the return required from traveling auditors of examinations made by them, special reports should be sent to the officers concerned in the following cases:

Of defalcations.

Of persons known to have been defaulters, who have secured access to the service.

Of those found to be using the company's funds through ignorance or misapprehension.

Of those guilty of dishonest practices.

Of those who refuse or neglect to keep their cash and other accounts in accordance with prescribed forms.

Of persons handling the company's funds who have habits of a nature likely to lead them to disregard the obligations they owe their employer.

Of those hopelessly inefficient.

Of those who do not exercise proper judgment and interest in making miscellaneous and special collections.*

Of those who extend credit to the patrons of the company, specifying the nature of the accommodation afforded.

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*There are many collections of a miscellaneous nature appertaining to the business of a railroad that are not of so fixed and arbitrary a character as are the freight and passenger accounts. They depend somewhat upon circumstances. In regard to these, more or less complex methods are involved and great trust reposed in the employes immediately concerned. If they are active and discreet, no source of revenue is neglected. If they are lacking in these qualities, losses are incurred, in many cases without coming at once to the attention of the company. Thus, if an agent is neglectful in regard to charges that accrue at his station, for switching, car service, warehousing, loading, unloading, cooperage, extra baggage and kindred items, the fact may for the moment escape attention. These items properly form a part of the miscellaneous collections of railways. There are many others, but for a more detailed description the reader is referred to another volume treating of such matters.

Of improper arrangements of offices or inadequate office facilities.

All communications should be in writing and an impression taken thereof for preservation.*

Upon many lines it is also the duty of traveling auditors to inspect the storehouses of the company at frequent intervals. In such cases a report is made to the proper officer of the condition of affairs, needs and so on. It particularizes in the same general way that the traveling auditor's report does in connection with the accounts and finances of stations. Its purpose is to afford officials at headquarters necessary information in regard to the condition of things at shops, including the capacity, habits and character of those in charge. The proper handling and use of supplies are quite as important as the proper handling of money. The loss or wasteful use of a dollar's worth of material is quite as bad, so far as results to a company are concerned, as the loss of a dollar in gold or silver. The same care should be exercised, therefore, in handling supplies that there is in handling money. However, it is not necessary to enter into this

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* Some companies require traveling auditors to make a report on the first day of each month, giving the names of the stations examined by them during the preceding month, and the dates on which they were examined. The report is in the form of a diary and is written up daily. It gives the whereabouts of the traveling auditor on each day, the name of each station visited by him, the nature of the duties performed at each station, the time of his arrival and departure therefrom, also where he passed the night.

subject here, as I have done so quite fully elsewhere.*

The duties of traveling auditors, it is apparent, do not end with the examination of the accounts of a station. These officers must also keep themselves advised of the character of those who handle money, of property they possess, their habits, associations, etc. This is important in all cases, but especially so in cities where temptations are great and the amount of cash handled large. Investigations of this character will not only prevent loss to the company, but will be the means of preventing the downfall of men who need only a word of timely caution to prevent their going astray. Moreover, the amount of money in the hands of employes is so great and the extent of the trust so indefinite, that it is manifestly impossible for a company to protect itself absolutely by bonds; it is compelled to assume a certain risk; this risk will be great or small according to the frequency and thoroughness with which the accounts of the incumbent are examined and the efficiency displayed by the traveling auditor in keeping himself advised of the responsibility of incumbents.

In further reference to the duties of traveling auditors, they may be imperfectly recapitulated, as follows: First, and foremost, they must see that the specific rules and regulations of the company in regard to the accounts and handling of

*In another volume devoted to expenditures.

cash are faithfully observed by agents and others; they must be expeditious in their movements; they must visit headquarters as often as necessary to examine balance sheets and perform other necessary duties; they must report their whereabouts daily; they must examine the accounts of stations as often as necessary, at least every year; examinations must go back in each instance to the time of the last audited accounts; they must call for the whole amount of cash on hand immediately on commencing an examination; they must verify the correctness of every remittance claimed to have been made; they must charge the agent with tickets he has sold and make a detailed statement of the same, also a detailed statement of all tickets on hand, the same to be forwarded to the proper officer for verification; they must see that tickets are stamped at time of sale; they must verify the list of uncollected bills; they must charge the agent with the way bills he acknowledges to have received and send an abstract of same to the proper officer for verification; they must visit consignees where property has been delivered without collecting charges and compare list with consignee's books; they must send abstract of advances claimed to have been made on goods forwarded, also abstract of prepaid charges collected, to proper officer for verification; they must see that interline prepaid charges are accounted for; they must examine overcharge records and see that amounts refunded are receipted for and credited on the cash

book; they must investigate all credits claimed and ascertain that they are authentic; they must see that all debits are accounted for; they must compare the entries in the cash book with the freight received book; they must see that extra baggage accounts and collections are treated properly; they must inquire into the amount of miscellaneous, individual and other charges and the mode of collecting same; they must see that all "over," "unclaimed," "short," "damaged," and "bad order" freight is reported; they must make allowance for collections for insurance, telegraph, express, sleeping car companies, miscellaneous accounts, etc.; they must acquaint themselves with the workings of all departments; they must examine the uncollected and other accounts at the time the last account current was made; they must see that instructions given at previous examinations have been carried out; they must make up and forward a test remittance in conjunction with the agent; they must make an account current at every examination; they must explain to the force how the accounts should be kept; they must have accounts written up when agencies are transferred; they must attend to transfer of agencies; they must consider the intentions of agents as well as their acts; they should be the good genius of the well intentioned, the scourge of the bad, the conscience awakener of all.*

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* And this last suggests the "conscience fund" of railways. This fund is a reality; it would be well, perhaps, if its existence were more generally advertised, on the theory that it would

Traveling auditors must keep themselves free from prejudices, unjust distrust of persons or overweening confidence; their supervision must be wise and constant; they must agree together upon questions not covered by the rules where differences are likely to occur; they must report defects that exist in offices whereby loss is threatened; they must make requisitions for suitable cash drawers where stations are not provided with such; they must make requisitions for safes when the company's interests require it; they must make a report of every examination;

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then be more generally used. The conscience fund of corporations, public and private, is the refuge of bruised consciences—a retreat for wounded spirits. Its door is wide enough to admit the most hardened sinner; through it the repentant may make amends for his fault without too much violence to his self esteem. It is the well of repentance, and is approached in different ways. Sinners are not alike any more than righteous people, and their methods of making restitution vary according to the character of the man and the nature of his transgression. One penitent will mail his contribution anonymously; another will leave it with the custodian and hie away into the darkness before he can be identified; another will perform his office through a priest. Still another class will turn on the electric light, so to speak, when making restitution; will approach the precincts of the fund with tomtom and cymbal and carefully printed cards; will give minute particulars, time, place, amount and attendant circumstances and ask for a receipt, a clean bill of health, absolute liquidation. They leave a trail behind them as broad as that of a tornado. There can be no objection to this, perhaps, if restitution is not to be followed by requests for favors, passes, donations of fuel, high-grade employment, and so on. Such cases are rare. Those who use the conscience fund are, as a rule, both modest and sincere. Their sins overwhelm them and they come to the repentance seat—the conscience fund—to find relief.

they must also make a special report of agents found to be defaulters, of those they discover to have been defaulters previous to their present employment, etc.; of those indulging in dishonest or improper practices; of those of a disreputable character; of those who are inefficient. They must be impartial in making their reports; they must state things exactly as they are; they must not leave the cash at a station in charge of an agent whom they believe to be dishonest, without first procuring additional security in the shape of a private bond; they must put forth every possible effort to secure the return of money taken by a delinquent—if the money is not forthcoming they must cause the delinquent's arrest; they must promptly notify the appointing officer if compelled to remove an agent without authority; they must, wherever possible, install agents when new stations are opened; they must, whenever practicable and opportunity occurs, make a record of way bills accompanying cars, and afterward, by comparison with returns made by agents, see that they have been accounted for; they must keep the knowledge of their examinations from the public so far as possible; they must investigate the financial standing of bondsmen; they must not accept personal favors from employes. The examinations of traveling auditors must be impersonal; their movements must not be divulged by employes, and their reports must be considered as private and confidential. These reports should be filed for preservation.

Inefficient agents and employés are not only an annoyance and risk, but a continual source of expense to employers. All who handle cash should give security. It should be provided either at the time of installation or in advance.

In handling cash the rules and regulations designed to secure accuracy and safety should be observed. Allowance cannot be made for money lost because of neglect to observe necessary rules and regulations. It should be carefully guarded.

The money of employes and the funds of the company must not be kept in common, and accounts must not be opened with local banks, nor receipts of stations exchanged for the drafts of local banks without permission.

Cash transactions must be entered on the cash book as they occur. Cash should be balanced daily. Safes should be provided at stations where collections warrant.

When agents are responsible for the acts of their assistants, they must satisfy themselves in regard to their character; they must, moreover, make periodical examinations of their accounts.

It must not be forgotten that the faithful handling and transmission of moneys coming into the hands of agents are the ultimate consummation of their office.

Agents must not disburse money except under the authority of the officers of the company or rules and regulations governing.

Agents should be zealous in the collection of charges due the company. They should, when necessary, notify consignees of the arrival of property and exercise tact and diligence in securing its prompt removal. They should also be diligent in their investigations regarding missing, damaged, unclaimed or lost property.

Property must be compared with way bills when received, and notations, as to condition, etc., entered thereon at the time.

Extensions of way bills must also be examined as soon as received and, in the event of errors or omissions, duly corrected and the proper parties notified.

Property must be receipted for when delivered.

Charges must be collected on delivery of property, except under prescribed rules.

No unknown person, or person whose credit is impaired must be trusted.

All obligations of agents to patrons and others for unrefunded overcharges, or for other purposes, must be duly and promptly recorded.

No debt or obligation of the company can be discounted by an officer or employe on personal account.

Excessive advances must not be made on property.

Advances must not be made on perishable property except under rules and regulations governing.

Advances can only be made for charges incidental to transportation.

Appropriate receipts must be taken for all moneys paid out by agents.

Money must not be accepted without giving a proper receipt therefor.

No deviation can be permitted from rules and regulations governing remittances; they should be made daily and should cover exactly the amount collected.

Remittances of conductors should be made after each round trip for the gross amount collected.

Remittances must be sent by express or other authorized manner.

It is the duty of the treasury department to see that remittances are received uniformly from agents and others, and in the event lapses occur, to ascertain the reason therefor.

In order to determine whether accounts are in balance or not, preparatory balance sheets must be made by agents prior to the date of the last remittance.

Books must be written up in the manner and at the time prescribed.

Old books and papers must not be disposed of except under authority of the proper officer.

Employes must not sell or deal in the company's tickets on their own account, or in any way appropriate or divert the company's revenue.

Tickets on hand must be inventoried monthly. All tickets must be legibly stamped when sold, giving date, etc.

Agents and others are required to co-operate in every way with traveling auditors.

Finally, it must be remembered that every blank and book, every rule and regulation of a company, has some necessary purpose and should be intelligently studied and faithfully observed. Neglect to do so is an evidence of unfitness.

The methods of competent and faithful men are systematic and orderly, their accounts models of clearness and accuracy.

Carelessness in accounting is one of the subterfuges of rogues; the advantages of confusion are studied; the value of errors and omissions planned in advance.

One object of the rules and regulations of corporations, especially those relating to accounts, is to strengthen honest practices; to lessen temptation to do wrong. Honesty is strengthened by practice the same as any other habit. Correct habits will not make an honest man of a rogue, but will prevent an honest man from becoming one.

BOOK II.

FISCAL DUTIES OF AGENTS AND CONDUCTORS.

FISCAL DUTIES OF AGENTS AND CONDUCTORS.

INTRODUCTION.

This book is devoted to administrative methods, involving directly and collaterally the integrity of the revenues of railroads and the faithfulness and efficiency of those employed in connection therewith.

It treats particularly of fiscal duties concerning the collection, care and remission of railway receipts, including accounts and records incident thereto. Its suggestions are the outgrowth of forty years' practical experience, and while defective I doubt not in many important particulars, are such as I have found in the main to accomplish the object aimed at.

CHAPTER I.

NECESSITY AND VALUE OF CLEARNESS AND ACCURACY IN ACCOUNTING.

While the methods by which the accounts of corporations may be kept efficiently and economically are almost as varied as the thoughts and methods of men, the diversity that may safely exist in the manner of caring for cash, taking receipts, indorsing paper, extending credit, remitting money and other matters connected therewith, is exceedingly limited.

In regard to receipts and payments, certain technicalities must be observed in every case in order to satisfy legal requirements and surround the transaction with proper safeguards.

The manner in which corporations keep their books and accounts is of no interest whatever so long as they are kept economically and accurately and results are truthfully stated. Supervision is not necessary, because the interests of corporations are indissolubly bound up in honest practices. Their own good leads them to enforce necessary and proper safeguards. They may, therefore, safely be left to exercise their own discretion in this direction. Such a course will result in great benefit to the public and themselves.

But in regard to the manner in which they collect and pay out money, they must subscribe in their intercourse with the public to certain stereotyped forms—of universal application—devised for the general good.

The mechanical safeguards by which corporations may preserve their funds from misappropriation or loss, and through which risks may be reduced to the minimum, are practically the same everywhere, though not uniformly applied. It is the purpose of this book to call attention to some of the more important of these safeguards and define them so far as they relate to moneys passing through the hands of agents and conductors. It does not pretend to exhaust the subject. It is suggestive rather than mandatory. Its regulations, however, have been found to be highly beneficial in reducing the expense and risks attending the handling of money.

Efficiency in collecting and disbursing the revenues of a railway, and faithfulness and care in handling the same, are more largely dependent upon mechanical provision than is supposed. If rules are deficient or are not clearly understood, laxity follows.

Intelligent provision for handling the funds of a company, if wisely taken and thoroughly enforced, also lessens the duties of agents and materially lightens their labor and responsibility.

If an employe is told exactly what he is to do with the money in his possession, and he observes

such directions, he is so far free from responsibility. But if left to exercise his own discretion, and through thoughtlessness, lack of experience, misconception or otherwise neglects any precaution, he is responsible. He will not only be required to make up any loss suffered, but in addition thereto will most likely be placed under the ban of suspicion.

Men who handle money must not only be honest, but must seem to be honest; they must not only have the disposition to care for that which is intrusted to them, but must have the ability to do so, because oftentimes it is impossible to separate losses that occur unintentionally from those that occur intentionally.

A person who loses money intrusted to him feels himself instantly to be under suspicion. He knows that his employer cannot tell, at least without careful inquiry and research, whether the loss was premeditated or otherwise. He not only loses the money, but in many cases the confidence of his employer.

If all those who handle the funds of others were wisely selected, experienced, faithful, capable and discreet, they might perhaps be left with tolerable safety to exercise their own discretion. But the men who handle the money of corporations are constantly changing. Many are experienced, but many more are not. But outside this fact they must act in harmony—unitedly—which presupposes a thoroughly drilled force, uniformity of action, well understood methods. This can

only be brought about by affording each one knowledge of what the other is doing; what is required of him generally and specifically. This is attained in the operation of railroads by well understood customs and the promulgation of rules and regulations. In the accounting department these rules and regulations are to be found upon the blanks used, in circulars, in verbal instructions, customs, the traditions of the company, and otherwise.

Ignorance and inexperience are the forerunners of disaster in every phase of life. They are especially so in money matters. Thus, to illustrate: If proper precaution is not exercised in receiving money, coin and currency will be accepted as genuine which, with greater experience, would be discovered to be counterfeit; receipts taken will be imperfect and afford insufficient protection; receipts given will cover things it was not designed they should; losses will be incurred in a hundred ways through neglect, overconfidence and ignorance. By the time we have acquired knowledge of all the details necessary to protect us we shall have run the whole gamut of losses that attends the handling of money by inexperienced men. This would not be so bad if it were all summed up in one man's experience, but unfortunately it would be the experience of hundreds of men, of everyone, in fact, who handled money. The only way to avoid this risk is to lay down in advance carefully devised and practical rules, such as experience has suggested to be

necessary. Not only will safety be secured by this means, but the labors of agents and others will be greatly facilitated thereby—greatly lessened, in fact. The accompanying rules and regulations represent the experience of many years; embody provisions made from day to day in the light of current events.

Every disaster suggests how it might have been avoided. Herein lies the means of improvement in every field of life; it illustrates the advantage the experienced man has over the inexperienced man. If in the discharge of our duties we carefully note the disasters that overtake or threaten us and the remedies therefor, we shall finally, according to the length of our experience and the measure of our talent, be able to contribute something in the way of business experience to the fund of the world's knowledge.

In the early history of railroads written rules and regulations were unknown. Special instructions were issued as required. In keeping their accounts and making returns agents and others were left to their own devices; they were supposed to know what was required of them; at least, they were expected to do the best they could. A few fundamental principles were laid down; the details they were expected to study out and apply. They were as capable of doing this as their superiors; more capable in many cases. The result, however, of want of uniform practice was to add greatly to embarrassments.

already numerous. Each agent was compelled to study out the system for himself or adopt one of his own. In time the omission was noticed and the work of supplying it has been going on ever since, and will continue so long as railroads are operated and men grow in experience and intellectual status.

Efficient and well understood rules and regulations governing the handling of cash foster honest practices by avoidance of suggestion of dishonest ones. Many men have been led into doing wrong because of inextricable confusion in their accounts; because of the apparent impossibility of straightening them, of locating wrong-doing.

The prelude to every defalcation is confused accounting; dilatory and imperfect reporting; partial and delayed remittances.

Much of the work connected with the handling of money is merely mechanical. It requires neither genius nor great business experience. If a person is acting for himself he devises formulas as he progresses. The experience is costly, but no one suffers but himself. Corporations could not long withstand such a drain. Their expenses and losses must be reduced to the minimum.

The work of handling money requires to be learned by rote, as we learn the multiplication table. It is easy if the facilities are at hand. It is difficult if they are not, and men are greatly embarrassed and their action impeded in other and more important ways because of the omission.

It is the aim of the officers of railroads to so perfect their methods as to reduce mechanical effort to the minimum; to lessen as much as possible the drudgery, so that greater attention may be paid to its essentials. Thus those who have charge of the fiscal affairs of railroads strive continually to reduce clerical duties; first, that expenses may be reduced thereby, and, second, that station forces may be able to give more time to other matters, such as looking after the traffic of the company, care of its property, etc.

A certain force is required at every station, according to its business. This force, however, is in many cases very largely dependent upon the system of accounting and the thoroughness with which it is understood and applied. If it is complex, imperfectly digested or not harmonious in its forms, the fact is accentuated in expenses for clerk hire and stationery, although the company itself may be oblivious of the fact. If a system of accounts is simple, carefully thought out in advance, and adapted to the particular wants of the company using it, expense is relatively light, both on the line and at headquarters.

The difficulty of detecting the experienced accountant from the inexperienced, the capable from the incapable, led men to venture into this particular field of railway operation, and to remain there, who would not have been tolerated in any other department of the service; led

men without knowledge of accounts to set themselves up as directors thereof. These charlatans occasioned railroads immeasurable loss. Their disappearance has been brought about because of the knowledge that only those trained in the handling of railway accounts are capable of understanding or directing them, and that no railway can be efficiently or capably administered that is without an effective accounting department.

The number of transactions which an agent has to deal with in connection with the handling of cash is not great, but the risk in every case is considerable, and in many cases imminent, if he does not observe certain formulas. These rules and regulations cannot be written out as a man would write a sermon, but must be the result of years of experience and study; must be compiled from day to day, from hour to hour, as observation suggests their necessity. This is, as I have intimated, the basis of the accompanying rules and regulations. They are, however, far from complete. Every day suggests some defect, some omission.

The object of the accompanying manual is to tell those interested what experience has taught me as being, all in all, the best thing to do in the various cases it treats of; that my methods are not the best that can be devised by experience and thought, I well know. We view things from our own standpoint. It is poor at best. What we think perfect to-day we discover to-morrow

to be crude. But although our experience thus teaches us to distrust that which we do, we must not, because of this, disregard present knowledge or think it unworthy of consideration; out of it better ways and means grow.

The object of this book is to tell station agents and others exactly what to do in various positions in which they are called upon to receive, disburse and transmit money. Many of the directions appear trifling and unnecessary, but these details are of the greatest importance, and their inclusion or exclusion indicates the difference between efficiency and inefficiency; between a system that may be depended upon to guard the revenues of a company and one that will not. I design to group in this book such instructions as agents and conductors require in the mechanical duty of handling money. They will be found of assistance in relieving employes of unnecessary anxiety and risk, and in simplifying merely mechanical duties that, in the absence of explicit directions, assume the gravest importance. I have not attempted to elaborate the different subjects, but to give in concise form rules and regulations governing. Generally speaking, they refer to the duty of collecting freight charges, allowing credits, receipting for freight, delivery of goods, advances on property, advances by shippers for various purposes, moneys deposited as guaranties, collection of moneys on behalf of the company, receipting for money paid by the company's agents, kind of money agents

may receive, care of money in the hands of agents, balancing cash, working funds, directions in regard to safes, cash drawers and locks, care of cash, destruction of the contents of offices, taking and giving receipts, indorsements, responsibility of agents for those under them, security required of those who handle cash, drafts made by agents, adjustment of books, disposition of overcharges, particulars of vouchers and the payment thereof, issuing, paying and canceling labor certificates, garnishment of wages, legal processes, payment of petty bills, how to keep accounts in balance, transfer of agents, agents' substitutes, agents' and conductors' collections and remittances and how and when they should be made, signatures of those who sign for others, station records and other general and specific instructions.

CHAPTER II.

FISCAL DUTIES OF AGENTS AND CONDUCTORS.

It will be proper to say here before proceeding that in order to understand the system of any particular railroad we must know the meaning it attaches to particular titles. Now, in the writing of my books, I have adopted certain general titles that refer to specific phases of the subject or natural divisions of the service. They are used merely for convenience, however, and not as indicating that I think this or that officer should have charge of this or that thing. For such list of titles and the definitions I attach thereto I beg to refer the reader to another volume.

The accompanying regulations contemplate the auditing and settlement of the accounts of agents and conductors monthly and the posting of the aggregate debits and credits monthly. However, it is only in unimportant things that the time of auditing the accounts in any way affects the applicability of the instructions. They apply equally to a daily, weekly or monthly system. Much of the matter contained in this book is suggestive merely; other portions are intended to be followed literally, or with such modifications as the particular exigencies of a company necessitate.*

* This matter is in smaller type than the other.

The reader will readily understand the distinction I refer to.

The practices of carriers in connection with the collection of charges on freight differ according to the exigencies of business and method, just as the practices of business men differ in other respects, and for the same reasons.

The accompanying rules and regulations do not design to establish arbitrary rules in regard to how and when charges shall be paid, but to outline a method that may be safely followed in the absence of instructions to the contrary. The practice on many roads in connection with the collection of charges before the delivery of freight is exceedingly strict; on others, lax. It necessarily varies with the circumstances of business and method.

The object of rules and regulations is to facilitate affairs. When they do not, they are oppressive. It is this fact that makes the establishment of formulas by governments and others so dangerous. They are not discretionary, have no flexibility and are unyielding as granite, no matter whom they crush or how much harm they do material interests.

Moreover, rigid formulas cannot be established in conection with business between man and man, whether conducted through agents or otherwise. A wise discretion must always rest with those in charge. No interest in the world but

would suffer by rigid adherence to particular rules. Therefore in promulgating those in connection with so important a matter as the collection of charges on freight, allowance is intended to be made for the extraordinary circumstances that arise and that no formula, no matter how wisely drawn, can possibly anticipate or provide for.

The customs of business and the rules of carriers require bills to be paid on delivery of freight.

The fundamental rule is payment of cash on delivery of tickets; payment of cash on delivery of freight.

Charges are properly payable at the station. It is no part of the carrier's business to employ collectors.

It is not desirable in every case to exact separate payment in cash from responsible and trustworthy patrons for each consignment when several consignments are received during the day. One payment at the station before the close of the day for the total amount is practically cash on delivery. The same rule applies to prepaid as well as unpaid freight. The close of the day does not necessarily mean any particular hour. It may mean ten o'clock in the morning for one firm; one o'clock in the afternoon for another, and five o'clock for another, just as may be most convenient. Thus, we will say a mining company, located two miles from a station, gets its freight bills at night and pays the agent the next morning. In its case the day would end at nine o'clock in the morning.

Where parties are not known, or their credit not such as to warrant accommodation of this nature, collection should be made on delivery.

In those cases where the manager of a business, in charge on the ground, is not entrusted with money to pay freight charges, the agent will (if the owner is entirely trustworthy) arrange to take a draft* drawn by

* For general form of draft to be used, see Form No. 19, Appendix.

the local manager on the owner for the amount. Drafts should provide for cost of collection. Anyone who can be trusted to handle property can be trusted to fill up and sign a draft drawn to the order of the carrier for freight charges. It is good only to the company. It is not, therefore, a valid excuse upon the part of debtors in such cases to say that it is inconvenient for them to pay charges at the station. The draft should cover the day's business, and should be remitted by the agent with his regular remittance. Blank drafts (reading to the order of the company) should be supplied by the stationery storekeeper when required.

Another and, in some cases, better way of collecting from parties not located at the place where the account is due, but situated at some other station on the road, is this: the agent at the station where the money is due may waybill the amount to the station where the consignee is located.* The amount should be entered on the way bill as Advanced Charges. The way bill should be enclosed in an envelope and sent forward by express, baggage car, or mail, as may be best. On its receipt the receiving agent should at once notify the forwarding agent of the fact. In the envelope with the way bill should be enclosed the receipted freight bills. Across the face of each freight bill the manner of collecting it should be described, as, say, "Amount of charges hereon waybilled from Como to Chicago, October 10, 1898, way bill No. 95." Immediately upon receipt of the collection way bill (accompanied by the receipted freight bills) the agent will collect the amount and remit it to his own credit. This manner of collecting of parties not resident at a station where the freight is delivered, but located at some other station on the road, will sometimes greatly facilitate prompt collection and transmission to the bank. It will also avoid cost of collecting by draft through the banks. For these reasons it is preferable to the draft system. Agents should, therefore, utilize it whenever possible. It renders payment of freight charges so easy that no one can ask credit or

* This way bill is known as the "Collection way bill."

delay because of non-residence. The practical operation of the system may be described thus: The agent at Como receives a consignment of freight for the Western Fertilizing Company; the Western Fertilizing Company has no one at Como to pay its bills; they are paid at Chicago. Accordingly, the agent at Como at once makes a way bill from his station to Chicago, and inserts the amount due from the Western Fertilizing Company as advanced charges, describing on the face of the bill all the particulars of the account. This way bill (with the receipted freight bills) he encloses to the agent at Chicago. Thus the agent at Como gets his pay and the account is settled so far as he is concerned. Upon the receipt of the way bill at Chicago, with the receipted freight bills, the agent acknowledges its receipt and at once proceeds to collect the amount, which he remits to the bank to his own credit. The receipt that the agent at Chicago will give to the consignee will be of the usual form, only instead of describing property he will note that the bill is to cover certain freight charges due from the Western Fertilizing Company at Como. In collecting accounts as described, agents should be careful to describe on each receipted freight bill every particular in regard to the method of collecting the amount, so that the transaction may always be understood and traced. While the foregoing formula refers particularly to the collection of unpaid freight charges, the same means may be used when an agent has to collect any account due at another station.

In handling freight, cases will arise where it will be necessary for the agent to require consignees to make a cash deposit to cover charges on property. This is frequently the most convenient way for absent owners to arrange for their freight. A receipt should be given for money thus collected, and a full history of the same spread upon the cash book at the time of the transaction. The money should be remitted without delay with the other collections of the station. The usual form for miscellaneous collections should be used in giving the receipt. When freight bills accrue against the person

making the deposit, they should be entered in detail upon the cash book in the usual manner as they arise. An entry for the total amount of such bills should be made in the miscellaneous column on the credit side of the cash book at the same time. This last entry should explain the nature of the transaction and give the name of the person on whose account the entry is made, also the date and number of the receipt given for the deposit. The freight bills should be receipted and stamped with the station stamp as soon as entered on the cash book, and kept in a secure place until the amount of the deposit has been used up, or the business ceases, when they should be surrendered in exchange for the original receipt given by the agent when he accepted the deposit. This last named receipt should be canceled and pasted in the book from whence it was taken.

A memorandum of each amount deposited with an agent should be kept by him and the total amount of charges applied thereon deducted daily, so that the unapplied balance will at all times be apparent.

If any portion of a deposit should remain unapplied in the hands of the agent at the time the account current is closed, he should charge himself with the same therein, specifying the name of the person making the deposit, the date, on what account, and amount.

It is the duty of agents and others to facilitate in every possible way the payment of freight charges. The foregoing are some of the means of doing this.

When the circumstances of business render payment on delivery impossible, as, for instance, a car of potatoes is received on which the weight cannot be ascertained until the contents have been unloaded and weighed, the patron must satisfy the agent fully in regard to his responsibility. In the absence of this assurance, a bond should be exacted for double the amount of the risk, with two or more responsible sureties, or a deposit of money sufficient to cover the risk should be made with the agent.*

* For form of bond to be used in such cases, see Form No. 10, Appendix. In the event of money being deposited it should be

In the transaction of business applications will frequently be made for credit in cases where the consignee's place of business is remote from the railway, on the plea that the amount of charges, not being known, cannot be paid on delivery of freight. This excuse is not tenable. A teamster may safely be intrusted with the money necessary to pay charges. If the amount given him for this purpose should inadvertently fall short, such a case would form an exception and might be considered by itself. But a line of credit cannot properly be solicited or granted upon the ground of the remoteness of the consignee's place of business from the station.

The extending of credit by one carrier may justify and enforce the practice by competitive companies, but before acquiescing in it the agent should notify the treasurer and endeavor to induce the competitor to agree to cash collections.

In all cases where the necessities or interests of a company require exception to be made to the practice of daily collection of freight charges, the matter should be referred to the treasurer. In making this reference the agent should give:

1. The full name, address and business of the person or persons desiring credit, and the reason therefor.
2. Also, whether the company would be benefited by extending credit, and if so, in what way; in determining this the practice of competing lines should be considered.
3. The financial standing of the party.
4. The probable extent of the proposed credit, i. e., the amount of the shipper's bills.
5. The agent's opinion as to the desirability of extending the accommodation.

In all cases where credit is extended, agents should observe the following:

6. Payment should be made as often as weekly, unless otherwise specially directed. The day of payment should be definitely agreed upon in advance and

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remitted forthwith with the other collections for the day, in the manner described in cases of deposits.

should be scrupulously observed. Additional time should never be allowed. When payment is not made as agreed, the neglect is in the nature of a default.

7. Credit must not be allowed when the financial standing of a person is questionable. Nor should further credit be extended when payment is not made promptly at the time specified.

8. When there is reason to doubt the solvency of a debtor, the agent must take immediate measures to protect the company's interest, notifying the treasurer of his action, and the necessity therefor. Similar action should be observed when payments are not made at the specified time.

In this connection, however, it is proper to say that the particular methods the situation renders necessary in order to build up or maintain the traffic of a company should always be considered. No plan is absolutely safe beyond the contingency of a doubt. A certain risk attends every business venture. This fact is well understood, but does not justify recklessness, oversight or indifference. Agents are expected to use discretion and tact.

A general rule holds agents responsible for the collection of sums due at their stations. This duty necessitates unceasing vigilance on their part. This is especially true in times of financial trouble.

They should keep themselves advised of the financial standing of the patrons of the company. This is not difficult, but should be performed with tact.

The duty of collecting revenues, it may be added, requires the exercise of the utmost courtesy, good judgment and decision, in order to avoid losses or the incurring of needless enmities.

No known risk can be incurred under any circumstances, and agents should disregard authorized credits in the event they have reason to believe that a debtor is not financially able or willing to meet his obligations.

No rule, it may be said, contemplates or warrants the granting of credit to untrustworthy persons, and agents

are not authorized to extend credit when they know a person to be insolvent.

The utmost freedom of expression and suggestion upon the part of agents is invited at all times by the treasurer, and in the event the financial standing of anyone to whom credit is extended should become a matter of doubt, they should freely communicate with him. But in the absence of explicit instructions they should act promptly on their own judgment and knowledge of the facts.

If reasons for extending credit cease to exist at any time, the accommodation should be withdrawn without awaiting instructions to that effect.

In speaking of credits, reference is had only to freight and miscellaneous collections. Tickets and extra baggage charges are universally considered cash and should be so treated without exception.

In reference to prepaid charges, they should be collected before shipment of goods, except in instances analogous to those already described.

While the necessity of extending credit under certain circumstances is foreshadowed in what is said above, and the method of treating credits is carefully outlined, there will be but few occasions for accommodations of this nature. In no case should credit be allowed without written permission of the treasurer, and this permission should never be given except to meet the practices of competitors.*

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*In connection with the practice of allowing credit, the custom, wherever it has grown up, is not so much that patrons expect it or that it is particularly valuable to them, as it is the outgrowth of excessive desire upon the part of agents and others to please. In many cases, the desirability of being allowed a week or so in which to pay charges is suggested to the shipper. The practice of giving credits is injurious and indefensible. It increases the burdens of the carrier and adds to the risk and expense of doing business. It may be avoided generally by the exercise of tact and firmness. Originally carriers required patrons to pay charges before delivery of property in the case of goods received, and in advance of its being forwarded when charges were prepaid. Wherever this practice was abandoned for weekly or monthly credits, the carrier not only lost the use

It must be borne in mind by agents and others in connection with the delivery of property before collection of charges, that, as a rule, the law does not create a lien for charges except upon the particular article or articles on which they accrue; thus, one car of freight cannot be held to secure charges upon another car. Hence each transaction must be considered by itself and the risks attending it weighed when credit is extended. In the event default occurs in the payment of charges and redress cannot be secured, the matter should be referred forthwith to the treasurer for advice.

The disposition of carriers to require freight to be receipted for before delivery grows less and less imperative with continued intercourse with particular patrons. The flattering assertion we hear so often made of men—that their word is as good as their bond—is oftentimes applied unconsciously by carriers to matters much more indefinite or liable to be misunderstood than a man's word.

In many cases carriers deliver the property of patrons without the former knowing it has been delivered, the only witness to the fact being perhaps a truckman; in many cases there is no witness whatever; no receipt of any kind taken.

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of his funds but his customers required that he should bear the expense of going to their offices to get his money. Thus, in addition to the original burden another was added. Charges should be paid daily and at the station. There should be no exceptions. In the case of customers allowed to pay daily, in gross, they may mail their check for the amount. But a railway company cannot agree to mail the receipted bills in return. That would involve, in the aggregate, an expense for postage too great to be borne. Receipts should be given in every case, but they should be delivered to the patron or his employe at the station.

Teamsters visit the warehouses of carriers and select what belongs to their patron and carry it away, without the knowledge of the carrier or the formality of a receipt. Such cases, however, are not common. But it is inevitable, in the discharge of business, that more or less laxity should occur in matters of this kind as in others where profit is dependent upon celerity and active co-operation.

Necessity does not regard mechanical safeguards. Carriers, like private individuals, after they have done business with a man for a long time and found him upright, gradually relax methods ordinarily thought to be necessary. Thus practices grow up.

There is, however, a point beyond which good faith ceases to be practicable or beneficial to anyone. This is so where it cannot be practiced without danger of loss; without danger of entailing misunderstanding and enmity.

The only safe practice to follow where values are concerned is to have the nature of each transaction carefully described and its truthfulness acknowledged at the time. It was knowledge of this that first suggested the taking of receipts; that renders the continuance of such observance of vital importance; that makes disregard of it unsafe and unbusinesslike.

In delivering property, care should be taken to see that the receipt exacted in exchange is signed by the consignee, or by some one authorized by him. In the latter event, a record of the authority should be preserved in the files in the agent's office.

In the event the consignee, or person claiming to act for him, is unknown to the agent, he should be identified before delivery of property.

Receipts should be written in ink or indelible pencil.

In cases where particular draymen or other persons do the general teaming for a town or for particular consignees, and it is inexpedient to file an order for each consignment, a general order for the delivery of property consigned to particular persons or firms, to such draymen or persons, should be filed with the agent by consignees.*

Draymen or persons who receive property for others should file a good and sufficient bond with the agent to protect the company against failure or irregularity (for which the carrier is responsible), on the part of such draymen or persons, but more particularly to insure prompt payment of charges.†

The cases in which money advanced by a railroad company on property creates a lien thereon are exceedingly circumscribed, and require to be carefully considered in transactions of this nature. Here, however, as elsewhere, the element of good faith as between man and man enters, and in many cases determines what shall be done without regard to the formulas of business. Such cases are, however, rare and are required to be carefully considered, lest they lead to the establishment of unsafe precedents and the incurring of loss.

The custom of advancing money on property, it is needless to say, if not wisely restricted, would quickly become a burden to carriers, for

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* A blank form of order is provided for this purpose. For form of order see Form No. 13, Appendix.

† For form of bond see Form No. 11, Appendix.

the reason that shippers, instead of restricting themselves to transportation charges, cooperage and drayage, would soon ask that the value of the property, or a portion thereof, be advanced upon every shipment. This would be a burden out of all proportion to the ability of the carrier, and would quickly make the latter a clearing house as between the buyer and seller. Hence a wise and conservative course requires that advances should only cover such charges as accrue between point of shipment and destination; such, in fact, as carriers are compelled to advance.

As a rule, advances on freight should not be made by agents, except in authorized cases and in the manner prescribed.

The law gives the carrier no lien for amounts advanced by him on property, except it be for transportation services or expenses incident thereto. Advances or loans made on goods will not hold as a lien, and in order to enforce them, in the event of dispute, the carrier should find the owner and get judgment against him, as in the case of ordinary debt. The carrier cannot, in such case, hold the goods against a prior judgment. Advances should not, therefore, for these reasons, be made, except to cover transportation services and expenses related thereto.

Advances should not be made at all on perishable goods or property that the carrier cannot, if necessary, dispose of for the amount of his charges and advances, unless the same are guaranteed by the shipper or the carrier is otherwise protected.

What is said in regard to freight applies quite as forcibly to advances on other property.

In the actual operations of business it sometimes becomes necessary to make advances for other than transportation purposes. This is the case in regard to agricultural implements and property occupying a

kindred relation to the public and the carrier. Such advances, however, should not be made except under specific instructions, and not then except upon suitable guaranty that the carrier shall not suffer loss.*

The regulations governing advances, it may be said, are generally expressed in the local tariffs of a company in accordance with the laws of the state and the customs and requirements of business. These tariffs, with their attendant rules and regulations, require to be carefully studied and observed; the directions laid down herein are not intended to supplant any local regulation, but to be collateral theretc.

The exigencies of business are multifarious; their extent and particularity a constant surprise.

When we have made provision for everything within the scope of our experience, we find it limited and our knowledge imperfect.

This is as true in the handling of money as in other things. It is generally supposed that money paid by consignors on property forwarded by them is simply to prepay charges. But this is not all. They frequently make advances to correct errors, to pay for feeding stock en route, caring for same, and on other accounts. The

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* It was formerly a general practice, and is more or less in vogue to-day in particular localities, to advance money for other than strictly transportation charges. Thus, money is advanced manufacturers for a portion of the purchase price of their implements. The tendency of carriers is, however, in the direction of restricting advances to the charges of connecting lines and for services incident to carriage. These charges, and these alone, are, as I have stated, a lien on the property. However, practices differ in different states and countries so that a rule that may be wise and necessary in one instance will not be operative in another.

agent of one road will receive money which is to be turned over to the agent of a connecting road wholly or in part. The method of doing this last was for many years exceedingly crude. It was the custom—and is still in many cases—for the agent who received money to send it forward by express or baggageman to the company for which it was intended. That this course involved risk and delay goes without saying. It was never possible to tell exactly how much had been thus received or whether it had gone forward or not. The remedy lies in the agent remitting the money he receives, with his other collections, directly to the treasurer of his company, and in waybilling the amount forwarded as prepaid charges. It will thus become subject to the disposition of the agent at the terminal station. In this way an authoritative history of each transaction is made as promptly as in other cases, and the risk of forwarding the money is avoided.

The accompanying rules are intended to govern in those cases where money is received for a connecting line after the goods have been waybilled forward. No special instructions are required in other cases, as the charges are entered on the way bill the same as other amounts.*

When charges are advanced (after property has been billed and forwarded), to be paid to a connecting line,

*In this connection the reader is invited to consult the form of freight way bill used, given in a volume devoted to freight matters.

a special way bill should be made for the money thus paid, in the absence of instructions to the contrary.*

The amount received should be entered on the way bill as "interline charges prepaid," noting on the bill the number and date of the original way bill that accompanied the shipment.

Way bills of this nature should be sent forward by baggage car or mail. Agents receiving such way bills should enter the same on the freight book and the record† provided for moneys of this kind, and use every effort to pay the amount promptly.

A receipt should be taken on the record book of interline charges prepaid, when the amount is paid.

In cases of this description, the freight bill as receipted and delivered originally with the freight by the receiving agent should be surrendered by the consignee and an indorsement made across the face of same, showing the amount subsequently paid him by the agent as specified above. It is also desirable that a notation of this kind should be made on the original receipt or bill of lading issued at the point of shipment, if it is in the hands of the consignee or is procurable.

If at the end of the month, or the time for making returns, moneys such as those referred to above remain undisposed of in the hands of agents, they should, for convenience in accounting, be included in the statement of unrefunded overcharges, unless other provision is made. Cases will arise where the amount received at the point of billing is greater than the amount that should be paid connecting lines,‡ or a surplus may occur en route. In such cases the agent where the overcharge is ascertained will withhold the excess and remit

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* The form of way bill I have found best adapted for use in the handling of freight provides a column for prepaid charges over connecting lines. In such cases the accounting officer charges the amount to the collecting agent and credits it to the terminal agent. The latter is thus able to pay over the money to the connecting road without the delay or risk that would attend the transmission of money from one point to another.

† Record of Interline Charges Prepaid.

‡ In this case it should be refunded to the payor if possible.

same to his treasurer, and include it in the return of unrefunded overcharges with an explanation of the facts, so that the amount may be charged to him and such arrangements made by the proper officer of the company as the circumstances of the case require.

In waybilling charges advanced by shippers to correct errors and overcharges on connecting lines, the waybilling agent should refer to the copy of the way bill that went forward with the freight, and note thereon the amount subsequently received and the particulars of the bill made to cover such subsequent deposits.

It frequently happens in the conduct of business that the amount of charges on a consignment is not known at the time the freight passes out of the hands of the carrier into the hands of the consignee. The weight, or quantity, or rate, may not be known. The goods may be spoiled if not promptly delivered, or inconvenience or loss may be occasioned by holding them. The carrier desires to deliver the freight but also wishes to be assured that he will be paid the charges as soon as they are ascertained. Accordingly he exacts security. The kind is variable. It may be in the shape of a bond, or, the guaranty of some responsible person, or, simplest of all, a deposit of cash.

The latter is the most effective way. It requires, however, that special provision should be made in accounting, in order that the company may always know the status of such deposits. It is the purpose of the rules given below to provide this.

In the absence of instructions to the contrary, agents will exact a cash deposit sufficient to cover charges in those cases where the latter are not known at time of delivery of property.

In the event there are two or more consignments on cars, a separate amount should be collected for each, and separate receipts issued, care being taken to over-estimate rather than underestimate the amount.

The estimated amount should be inserted in the way bill, and the latter entered as in other cases upon the books.

The amount of each receipt should be entered on the cash book in the usual manner and remitted with the day's collections.

When the correct amount has been ascertained, the overcharge that has been collected (if any) should be treated the same as any other overcharge.*

When the overcharge is refunded, the receipt previously issued should be taken up and a correct one issued, or the original changed to the correct amount.

The necessity there is that men should observe certain forms in the conduct of business for others is in nothing more apparent than in the handling of money.

Everything done in this connection should be backed up by clear, prompt and explicit written evidences—in the case of money collected by the giving of a receipt therefor and the prompt entry of the amount on the cash book.

The receipt should be so specific in terms as to denote the particular transaction, by whom consummated, time, place and circumstances.

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* For disposition of overcharges see instructions referring thereto.

Moreover, in order to prevent mishaps, only those persons especially assigned to the duty and fitted therefor should receive, handle or receipt for cash; risk is thus reduced and the work confined to persons especially considered in connection therewith. The necessity and value of such a course do not require argument or illustration. It will prove a protection to those who are faithful, and a necessary check upon those who are not. No wise person but will avoid so far as he can discreetly the handling of money for others; no one who is experienced will take such risks except he is compelled to in the discharge of business.

The following regulations should govern in the collection of money and receipting therefor:

No one, except those regularly authorized, may collect money on account of the company, or receipt therefor.

A formal receipt should be given in every case. The receipt should be delivered at the time the money is collected; it should be dated and signed, and should state specifically the purpose for which it is given. This rule applies to every officer connected with a company as well as every employe. Its rigid enforcement is in accordance with good business practice and serves to protect the company, the person who gives the receipt, and the person who receives it.*

Receipts for moneys should be signed by the agent, cashier or person making collection, at the time the

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*Particular forms of receipt are contemplated for each kind of transaction; these forms should always be used. When agents are required by consignees to sign a voucher in addition to the freight bill, they should write across the face of the latter, "Voucher also signed for this amount." They should also write across the voucher, "Freight bill given and receipted for this amount."

money is paid. After a receipt is signed, it should be stamped with the station or office stamp. This should specify the date, name of station or office, and road. Stamp signatures should never, for obvious reasons, be used in acknowledging the receipt of money.

The purposes for which the agents of corporations may pay out money are exceedingly circumscribed, and require to be restricted rather than enlarged. Within necessary limits, however, agents should be free to act, and their labors facilitated.

The necessities of business require that agents should be able to make advances on freight under the rules governing such matters, and should be able to pay approved vouchers and certificates of wages (time tickets) due employes when required. This about covers the ground.

It frequently occurs, however, that the interests of a company are facilitated by agents making other payments. But the utmost circumspection should be used; everything that they do should be fortified by proper authority, and a receipt taken in each case. Nothing should be done on the basis of good faith; authorization and proof should be in the possession of the paying agent. In another place I have outlined the technicalities that should be observed in connection with receipts in order to avoid risks. These should be studied and observed as far as applicable.

When paying out money, whether in the way of advances on property or otherwise, a specific receipt should be taken in each case.

A printed blank, bound in book form and consecutively numbered by the printer, should be used.

A receipt is a necessary protection against being called upon a second time. Its possession, moreover, assists the agent in verifying the accuracy of amounts claimed to have been paid by him, and otherwise helps to establish the credibility of his accounts.

Business is greatly facilitated and simplified when it can be done in the currency or coin of the country where transacted. When it is carried on in foreign money or other fluctuating values the exact sum at which such money or values shall be received by agents should, so far as possible, be fixed by the company in advance, so that the patrons of the company may be protected, and the agent and his employer secured against loss. In those cases where the value must be ascertained and fixed by the agent, it should be the aim of the company to afford all the light in its power, and at the same time surround each transaction with such safeguards as will be most likely to save harmless all the parties to the transaction.

Only the legal currency or coin of the country should be received except in unavoidable cases.

All defaced, clipped or punched coins, all coins that are worn or that are not bankable at their face value, also foreign currency or coin, should be refused. In the event, however, agents are compelled (in the course of business) to accept such, it should be taken only for its current value.

In remitting coin or currency, such as that mentioned in the preceding rule, the par value of the same should

be inserted in the notice accompanying the remittance, and the discount deducted from the total.*

In no case should a greater discount be exacted than the amount charged by the bank or treasurer's office.

Mutilated currency should be accepted for what it is worth according to the government standard.

The care of money is one of the most difficult and vexatious problems that those who act for corporations have to deal with. In the case of railroads the money is scattered over a broad territory, in greater or lesser sums, in the hands of many comparatively inexperienced in such matters, and in places difficult if not impossible to effectually guard. The situation calls for the utmost watchfulness and skill. It is at best perplexing and unsatisfactory. No matter how promptly remittances may be made by those who collect the revenues of a company, it is impossible to prevent there being more or less cash in their hands at the close of business hours each day. The facilities for guarding this are entirely inadequate at best, and in order to prevent loss the utmost ingenuity and care require to be exercised. The accompanying rules and regulations are not what could be desired, but are what I have found by long experience to be, all in all, the best that the situation has suggested to me. They throw the burden of responsibility for the

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* As, say:

Amount of silver remitted	$10.00
Discount charged thereon	1.56
Balance	$8.44

care of money upon the agent, first, last and all the time, and while it is undoubtedly true that he in many cases suffers hardship thereby, the situation does not, unfortunately, afford any remedy or escape therefrom.

Cash belonging to a company, in the hands of agents and their assistants at the close of the day's work, should be looked after by them personally; only change of a bulky character (nickels and pennies) required to do business should be left in the safe.

It is impossible for a company to provide safes that are wholly burglarproof for use at stations, and this renders it necessary that the working fund and other moneys, with the exceptions noted, on hand at the close of the day's business, should be taken in charge personally either by the agent or such subordinate as he may authorize. Money in the hands of agents at such time (the amount is never large) can be fully protected in this way, while if left in the safe at night or on Sundays or holidays it will be subject to the depredations of thieves.

During the working hours of each day the cash should not be left in the drawers or other places accessible to thieves, but should be locked in the safe or otherwise kept secure.

In the event a station is not supplied with a safe, the agent should take charge personally of whatever amount of cash there may be on hand.

Cash may be left in the safe at nights and on Sundays and holidays, provided the office is guarded by a faithful watchman or is occupied continuously by trustworthy employes of the company. In such cases it will be more secure in the safe than elsewhere.

Where so many men are employed as there are on a railroad, and everything depends so much on observance of rules and regulations, it is apparent that no allowance can be made by a company for losses suffered by its employes through disregard of instructions. It is

particularly true in regard to money. The responsibility is not a great one if regulations are faithfully observed, especially the one requiring that the total amount collected each day shall be remitted at the close of the day.

The purpose of corporate accounting is to afford a clear and consecutive record of each transaction, to enforce responsibility and enable the servants of corporations to prove the authenticity of their acts and the honesty of their intentions. To the extent that it does this or falls short it is perfect or otherwise.

One means to this end in the case of agents and others who handle cash is the cash book.*

If accurately kept, its balance exhibits the cash on hand, while the entries indicate with absolute precision the receipt and payment of each dollar.

The cash book is a fundamental record of the utmost importance, and wherever cash is handled in the way of business a cash book should be kept.

In railway accounting, work at stations and elsewhere is greatly facilitated by providing a cash book especially adapted to the business in hand. It should be simple and easily understood, and afford a full record of every transaction, classified in such a manner as to give the greatest amount of information with the least labor.

The cash book is valuable not only as indicating the circumstances connected with every cash transaction, but as an aid in demonstrating the correctness or otherwise of other books, records and returns.

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* For form of station cash book, see **Form No. 15, Appendix.**

The rules and regulations tnat govern the keeping of the cash book and balancing the cash apply as aptly to the treasurer's office of a railroad as they do to the office of the station agent; they are vital and no excuse can be offered for any neglect.

A muddled cash book or an unbalanced cash account is *prima facie* evidence of either overwork, laziness, incompetence or dishonesty, or all of these.

The cash book is in many respects the most serviceable and important of all books and accounts. If written up properly its balance indicates the amount of cash on hand.

If there be any difference between the balance and the cash on hand it should at once be located and adjusted.

At large stations separate cash books may be kept for out freight and for in freight,* also two cash books may be kept for either account to be used on alternate days to facilitate the posting of cash collections in other records.

The counting of the cash and the balancing of the same daily with the cash book and other records, are valuable and necessary checks upon the accounts, and should be faithfully and promptly performed.

Transactions should be recorded in the cash book as they occur. Entries will then afford reliable evidence of items settled, amounts paid, and the balance on hand belonging to the company. Any other plan is fraught with danger and calculated to develop uncertainty and error, if nothing more objectionable.

The station cash book should be kept according to the prescribed form; clearness and accuracy are best secured in that way. It is, moreover, the form best calculated to facilitate the examination of accounts. All footings

* This is also true of other offices where business is great.

should be carried forward from day to day up to the time the balance sheet (account current) is closed, so that the accuracy of the whole may be determined.

In writing up a cash book the character of each transaction should be concisely and clearly set forth, so that additional information will never be needed to make the accounts clear and intelligible.

Forced entries should not be made; the particulars of each entry should be given; entries should be for actual transactions; entries to correct errors or differences should give particulars. The entry of lump sums to correct two or more differences are also inadmissible.

In posting the station cash book, the aggregate of each day's ticket sales should be entered. But in regard to freight charges, charges for loading, unloading, car service, trackage, switching, cooperage, telegraph, excess baggage and similar collections, each item should be entered separately. In the same way, each remittance and each payment should be entered separately on the cash book and in due course at the time the transaction occurs.

Cash collected by agents for others but not chargeable against the person making the collection, should be noted on the cash book, but the amount should not be carried in any of the columns of the book. The entry should be made in red ink and should give date of collection, amount, from whom collected, for whom collected, what for, and also what disposition has been made of the money. Moneys, collected by an agent for which the company employing him is responsible, either directly or remotely, should be so clearly and definitely transcribed in the accounts and upon the books as to prevent their being overlooked or forgotten either by him or the traveling auditor of the company. Unless otherwise expressly directed all such amounts should be brought upon the balance sheet.

Where the rule requiring agents and others to remit at the close of each day the exact amount

collected for such day is followed, a working fund is necessary, especially where tickets are sold and baggage handled. Without it agents would frequently be unable to do business along the line that is designed. The amount of the fund will depend very largely upon the ingenuity and foresight of the person in charge.

This fund, it should be remembered, while necessary, is a dead weight on a company—unproductive money. It should, therefore, be restricted as much as possible. Agents will greatly aid in this by providing local sources of supply of small change, instead of sending to headquarters in every instance.

By such a course and by the display of sagacity in other directions, they can, in many cases, avoid altogether the necessity of sending away for small change, and by being able to get it when needed, reduce the amount of their working fund to the minimum. This will also reduce their responsibility and risk; a working fund is always a source of danger and anxiety.

The purpose of the working fund is to afford the supply of pennies, silver and currency of small denominations necessary to make change in selling tickets and to otherwise facilitate the easy and rapid discharge of business.

The amount of the working fund allowed each agent should be fixed by the traveling auditor in the absence of instructions to the contrary.

It should not be increased without his written permission, which permission should be attached to the balance sheet in which it is first noticed.

It is especially important than everyone should be supplied with a ticket before entering the cars, and agents and ticket sellers should be prepared to make change when circumstances require.

Measures should be taken in time by agents to supply themselves with small change so that they may in no case be embarrassed by the want of it.

In the event agents cannot procure the change they require at stores and local banks, requisition should be made on the treasurer.

The funds should in every case accompany the requisition.

Blank requisitions for change should be provided for use as occasion requires.

If paymasters traverse the road they should keep themselves supplied with small change so that they may furnish agents with same.

The working fund should never be used except in making change. It should be kept intact.

The practices of railroads differ both as regards the furnishing of safes to their agents and the kind of safes furnished.

A safe that is not secure against petty thieves is a source of danger rather than security; its possession invites overconfidence. Its unstable character is not appreciated in many instances, and mishaps occur in consequence.

It should be the object of regulations governing the handling of cash to reduce the amount in the hands of agents as much as possible. But after all has been done in this direction there will remain a considerable sum in their hands. This naturally finds lodgment in the safe.

The resources of railroads do not permit them to buy burglarproof safes (if there is any such

thing); a substitute must therefore be found. The most effective that I have discovered is an ordinary fireproof safe with a combination lock, enclosing a steel chest with a combination lock, the chest being securely fastened to the fireproof casing. Such a safe may be purchased for a very small sum and is an effectual protection against petty thieves.

Key safes should never be used. They are rendered doubly insecure because of the impossibility of preventing the keys being duplicated.

A safe should be furnished an agency when the receipts warrant it.*

As safes cannot be furnished sufficiently large to accommodate all the books and blanks, they may properly be limited to cash, audited vouchers, certificates of wages, ticket stamps, uncollected bills, way bills, remittance book, ticket book and cash book.

There is little danger of tickets being stolen, if kept securely locked in a case. The books of the station may, in the main, be duplicated if necessary.

In the event a ticket should be stolen, immediate notice should be forwarded by telegraph to conductors and those in charge of tickets, and such other officials as may be required.

The frequent robbery of safes is a constant warning not to trust too implicitly to the security they afford. Every precaution should, however, be taken to render them secure. In this connection the following practices should be observed:

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* In reference to the responsibility of determining where safes are needed, it should rest in some one particularly. It is probable that the traveling auditor knows more about the subject than anyone else. Where the collections of an office amount to twenty-five dollars a day or more, I should think that a small safe would be justifiable.

The combination of both the inside and outside locks should be changed at frequent intervals, so as to prevent unauthorized persons from becoming familiar with the same. Instances of the robbery of safes by unknown persons familiar with the combinations attest the necessity of this.

After changing the combination the agent should try it several times before closing the door.

Both the outside and inside doors of safes should be locked. The combination to both should be scattered when the agent leaves the office, unless a responsible person is left in charge. Sometimes the knobs are turned but the combinations are not disturbed, thus enabling those familiar with the fact, or who gain access to the office, to extract the money, leaving the safe apparently untouched. This is impossible when the combinations are scattered.

Agents should scatter both combinations of their safes at least once each day (whether the office is left alone or not) so as to keep themselves familiar with the combinations.

In the event agents are unable to open their safes because of defective locks or otherwise, they should notify the treasurer of the fact by telegraph. In the event the safe is in the immediate vicinity of headquarters, a man should be sent to open it; otherwise it should be ordered sent to headquarters by express. In such cases it should be addressed to the treasurer and notice sent him. It should be opened on its arrival in the presence of two or more cashiers, and the contents returned to the person who forwarded it or such disposition made as may be desired.

The locks and doors of safes should be kept in good working repair, in order that the maximum amount of security may be attained and embarrassments avoided. Timely notice of needed repairs or renewals should be sent to the official whose duty it is to see that the safes of a company are kept in repair.

The cost of opening safes for which those in charge have forgotten or lost the combinations, also of repair-

ing broken spindles and performing other work necessitated by the neglect or carelessness of the person in charge, is charged to such person.

In order to prevent such a mishap as the loss of the combinations of a safe, they should be kept by the person in charge in some private place, but not in the safe.

Many of the mishaps that occur in the handling of cash arise through leaving it in insecure drawers.

It is so easy to secure entrance to an office through a window or door, that money left in a cash drawer is not safe a moment unless a trustworthy person is in the room or in the immediate vicinity.

The particulars of the stealing of money from cash drawers are almost the same in every case. The money is left for a few moments and when the custodian returns it is found that a window has been pried open or door burst in and the drawer robbed.

The maximum security that a cash drawer affords will be obtained by using a particular form of drawer everywhere.

It may be large or small, according to the requirements of the office. The kind of cash drawer having once been adopted, a supply should be kept on hand by the company, the same as other articles. Such a course will not only be the cheapest, but the safest and best.

The cash drawer should be strongly made, with a good lock, and so securely fastened in its place as to prevent its being detached. It should be

constructed with a special view to the needs of ticket agents and others in making change, disbursing money, caring for same, etc.

A good form of cash drawer would be one constructed of steel or other suitable metal running in a frame and upon a plate of the same metal. It should be provided with a good lock. The abstraction of cash by sneak thieves, from such a drawer, would be practically impossible during the opportunity that would be offered them during office hours.

An unsafe cash drawer should not be used. The utmost security that can possibly be afforded should be attained in every instance. To meet this requirement, cash drawers especially manufactured for the purpose should be kept in stock.* They should be of different sizes to accommodate the business of different offices. They should not only afford the maximum amount of security, but should be planned to accommodate the station funds and facilitate the making of change, thus economizing labor and saving time.

The difference between an efficient and an inefficient person is observable more in small things perhaps than in great things. In those who handle money it is especially manifested in the attention they give details; in the distrust with which they regard every source of possible danger. While they do not believe very much in the efficacy of bolts and locks, yet they derive from them such security as they afford.

They will not only have a lock in every place where it will be valuable, but will be particular

* See Form No. 21, Appendix, for diagram showing arrangement of cash drawers.

to keep such lock in good order. Momentous results frequently depend upon such things. A door or window left open or insecure invites a thief to enter who would not think of such a thing otherwise. Men's lives and property depend upon just such incidents.

Those who handle cash should at all times preserve at the highest point of efficiency every means that they have for guarding the money in their possession.

Especial care should be exercised at all times to see that the locks of cash drawers and of freight and ticket office doors and windows afford the maximum security.

Responsibility rests wholly with the incumbent of the office. It is his duty to see that the maximum security is afforded at all times.

When a lock is worn out or needs repair, it should be forwarded to the storekeeper at the nearest shop for repair or replacement.

It is the latter's duty to honor promptly requisitions of this kind.

He should require, in every instance, the damaged or worn out article to be sent him in return for the article ordered.

An ounce of prevention is better than a pound of cure. The maxim is old and hackneyed, but fresh in connection with the handling of money.

Money is secure only so long as we maintain possession of it. All the efforts we may put forth after it has been stolen are, in the majority of cases, inadequate.

The prudent custodian of money seeks continually to guard against loss, by reducing the sources

of danger as much as possible; by the avoidance of needless risks or chances; by adopting the precautions that experience has taught to be wise, or that others have discovered to be necessary.

One of the first precautions against the loss of money that suggests itself is to prevent access to it; or if its care must be shared with others, to reduce the number of such persons as much as possible. It is not sufficient that we know an associate to be honest or believe him to be so. Common prudence requires that we shall prevent his having access to the cash entrusted to our care unless his duties require it. In the case of railroads this is doubly necessary. We may trust a friend with our own money, but we may not, without criminal imprudence, intrust the money of our employer to him unnecessarily.

Much of the money that is lost is lost through overconfidence. Long association breeds neglect. Money, in order to be safe, must be watched over, not spasmodically, but unceasingly. Wherever it is not we may be sure that loss will sooner or later attend the neglect. There can be no exception to this rule, and instead of growing more confident with the lapse of time or with freedom from loss, we should grow more circumspect, more wise in adopting and enforcing safeguards that experience proves to be necessary.

In order to avoid unnecessary risks and reduce responsibility to the minimum, no one should be allowed to have access to cash except it be necessary, and only to the extent necessary.

In the examinations made by traveling auditors it is necessary for them to count the cash. But this duty should be performed in the presence of the person in charge of the cash, so that the latter may see that the work is accurately done and that proper disposition is made of the money.

Traveling auditors may transmit the cash they find in the hands of an agent by express to the bank or to the treasury, if they think proper. But it is the duty of its custodian to act in the matter conjointly with the traveling auditor; to see, in fact, that the money is actually sent forward, as his responsibility under his bond is immediate and permanent, and cannot be waived.

No one except a duly authorized person, possessing written authority, is authorized to touch funds in the hands of the company's agents.

It is not necessary that those who sell tickets at night should have access to the general cash. All that is needed is that they should be supplied with a working fund. In the morning this working fund with the collections should be turned over to the day clerk. The ticket sales for the night should be audited by him and the amount of cash turned over ascertained to be correct.

The rule in regard to night ticket sellers is applicable to all others similarly situated.

The rule should be not to burden employes with the responsibility of funds and securities except in so far as it is unavoidable.

The number should be reduced to the minimum.

Cash drawers and receptacles containing money should be isolated as much as possible.

The foregoing regulations, it is apparent, apply quite as forcibly to the treasurer's office of a company as its agencies.

They should be enforced everywhere.

The traffic accounts of every company should be so comprehensive as to permit of their being duplicated in the event offices or their contents

are destroyed by fire or otherwise. The data of one office should be supplemented by that of another. Defects will be apparent, but the principal thing will be the expense; this will be considerable in any event, and to avoid it and the embarrassment that will otherwise attend loss, every precautionary measure should be adopted by those in charge to prevent the destruction of offices by fire or otherwise.

In the event of the destruction of the contents of an office by fire or otherwise, copies of all way bills received and forwarded embraced in the current balance sheet should at once be obtained by the agent from the stations forwarding and receiving the same.

After investigation by the proper officer, the agent should be credited (as provided elsewhere) with the amount of the charges on such goods as have been destroyed.

In the event of the destruction of tickets a list of those destroyed should be forwarded to the proper officer forthwith.

In the event of the destruction of an office or freight house, each department of a company should be notified without delay by the agent of the losses in which it is interested.

Immediate measures should also be taken by the agent or person in charge to re-supply the station with stationery and such other appurtenances as circumstances require.

The discretion that may be safely exercised in these matters outside the usual customs is so narrow as to practically not exist. So narrow, in fact, as to make it unsafe to exercise it.

The adequacy or validity of a paper is perfect or otherwise, according to the fidelity with which

the technical requirements of the case have been followed. A receipt or indorsement is rendered nugatory by imperfection, unless the fact that the money was paid to the rightful person can be proven outside of what may appear on the paper. The importance of observing technical compliance with the laws and customs governing is, therefore, apparent. An imperfect indorsement or receipt does not necessarily invalidate a transaction; the facts in the case will govern. But imperfection clouds a transaction, and its trustworthiness can never be accepted until research has demonstrated it to be so. If a paper is indorsed imperfectly, or a receipt does not correspond with the document, the inference is that something irregular has occurred, and thus the possessor of the paper may be occasioned trouble at any time. Whenever an indorsement is not technically correct, no one can err in refusing it.

Receipts should technically comply with collateral documents, and when they cannot be made to do so without falsifying the facts, correction should be made before the transaction is closed. The admonition to trainmen to adopt a safe course in every case, applies to those who handle money, and the motto should be inscribed in every office in a place where it will be a constant admonition against laxity of every kind.

The only safe way in the interchange of money or values is the right way, and the right way is that which common custom and the law specify.

The following rules will be found to be of value to those who handle money. They are not as full perhaps as they should be, but will serve as an aid.

Receipts to vouchers; acknowledgments for money, property, or other consideration; indorsements on time tickets (certificates of wages), orders, drafts, checks, etc., should correspond in every particular with the name of the principal or person or persons in whose favor the instrument is made. For instance, if a document is made in favor of James Carcliff, a receipt or indorsement cannot be accepted signed by James Carkliff.

The practice of the United States government in the case of vouchers, drafts and checks is founded on correct methods, and should be observed in connection with such documents. It is as follows: "The name of the payee, as indorsed, must correspond in spelling with that on the face of the warrant; no guarantee of an indorsement, imperfect in itself, can be accepted. If the name of a payee, as written on the face of a warrant, is spelled incorrectly, the warrant should be returned for correction."

Documents in favor of corporations should be signed by the duly authorized agent or officer of the corporation; the name and title of the person should be given in full.

Signatures should be witnessed in all cases by some responsible person when the payee is not personally known.

Indorsements by mark cannot be witnessed by the agent or cashier who pays the money.

When a payee cannot write he should make his mark in legal form in lieu of his signature. This mark should be witnessed by a responsible person who knows the payee.*

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* In form as follows: Richard $\overset{\text{His}}{\underset{\text{Mark.}}{X}}$ Roe.
Witness: John Smith, Chicago, Ill.

Checks, drafts, notes, bills of exchange and kindred documents should in every case be indorsed by the payee. Orders cannot be accepted in such cases.

Those who make payments are held strictly responsible for the *bona fide* character of the receipt or acknowledgment and the payment of the money to the proper person or persons.

Drafts or checks accepted by agents should be indorsed according to the rules made for such cases.

Agents should not accept any draft or check the payment of which is doubted. Should it happen, however, that they receive a draft or check on a local bank, about which they have misgivings, they should collect the same forthwith, or have it certified by the bank upon which it is drawn, if satisfied of the solvency of such institution. Local drafts or checks should be collected by the agent and the proceeds remitted, in the event the company will incur expense in collecting the paper if he should remit it to headquarters.

Checks and drafts drawn on local banks, which are to be cashed by agents, should be drawn to the order of the agent.

Checks and drafts received by agents in the regular course of business, which are to be remitted, should be indorsed payable to the order of the bank to which they remit, in form, as follows:

Pay to the order of
.....Bank,
.....Railway Co.,
By R. Rowe, Agent, Rochester, N. Y.*

This indorsement should be made immediately upon receipt of the document, so that in the event it is lost, it cannot be misused.†

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* In the event miscellaneous or other remittances are made to the treasurer or to the general cashier at headquarters, the checks or drafts which may be received on account of same should be indorsed payable to the order of such officer.

† If the paper is collected by the agent and the proceeds remitted this indorsement would not, of course, be made.

In the event an agent should, in the regular course of business, accept checks or drafts not drawn to his order as agent, or made payable to his order, they should nevertheless be indorsed by him, as above, so that his responsibility may always appear, and the misuse of the check prevented.

Indorsements made on time tickets, checks, drafts or other paper remitted by agents should give the name of the station at which the agent is located.

When agents have been authorized to exchange their station receipts for the draft of a local bank, such draft should be drawn payable to the order of the bank to which the agent remits on account of the company, in form, as follows:

"Pay to the order of .....Bank,
account .....Ry. Co."

Such drafts should, however, be indorsed by the agent before remitting, in form, as follows:

.....Railway Co.,
By R. Rowe, Agent, Rochester, N. Y.

Indorsements on checks and drafts should be made by the agent. However, at stations where receipts are in charge of a cashier, indorsements may be made by him in the name of the agent, by himself as cashier.

Indorsements are required to be technically and legally perfect.

Time tickets, vouchers, illuminating bills, freight bills and similar documents remitted by agents should be stamped with the station stamp on the date they pay them.

The foregoing regulations, while applying more particularly to receipts to vouchers and indorsements on checks, drafts, notes, time tickets and kindred documents, are equally applicable to receipts of consignees for freight, receipts given by agents and for other transactions wherein the public is considered.

Stamped signatures are not binding unless it can be proven that the person whose signature is thus affixed personally applied the stamp. Signatures, consequently,

must be written. Pen and ink or an indelible pencil should be used.

In further explanation it should be remembered that the signing by one person for another is illegal unless authorized.

Whenever a person signs for another, the name of the person signing should be given in full, unless legally authorized to omit such formality.

If a person having power of attorney signs, he should attach to his signature the legend "Attorney in fact." If he signs as trustee, administrator, agent or otherwise, the fact should be duly stated beneath his signature. It is the duty of the person who accepts a signature to satisfy himself at the time that it is legal and binding.

It should be kept in mind by everyone who has occasion to make payments that it is easy to assure himself before making a payment of the right of the recipient to receive it, while it is difficult, and oftentimes impossible, to determine this afterward. Men are willing to substantiate their right to receive money, if required to do so before the transaction. Afterward they are indifferent, and the burden of proof rests with the payor instead of the payee.

Experience has proven that it is unsafe to maintain divided responsibility at stations.

A frequent source of friction is the status of subordinates who handle money.

It sometimes happens that so long as everything is going right the agent claims to exercise general direction, but the moment that loss creeps in he seeks to evade responsibility under the plea of ignorance or inability to look after such matters.

Responsibility should in every case be supplemented by necessary recognition and authority.

In the event an agent should, in the regular course of business, accept checks or drafts not drawn to his order as agent, or made payable to his order, they should nevertheless be indorsed by him, as above, so that his responsibility may always appear, and the misuse of the check prevented.

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Stamped signatures are not binding unless it can be proven that the person whose signature is thus affixed personally applied the stamp. Signatures, consequently,

If it should be found upon investigation or trial that an untrustworthy person has been introduced into the service, he should be reported for retirement without delay, and pending the change should not be permitted to touch the cash of the company.

No condition or circumstance can relieve an agent of responsibility for the financial affairs of the station, and he should take means to protect the company against untrustworthy subordinates and assistants.*

The bonding of subordinates cannot be construed as relieving agents of the responsibilities of their offices. They are expected to exercise the same supervision over the cash affairs of their stations that they would if they only were responsible. This supervision should be evinced in the selection of fit men to handle money, in the rejection of those who are unfit, and in the institution of necessary safeguards.

Freedom from loss is the result of wise selection and supervision. The interests of a company, and of its agents as well, cannot be safely maintained otherwise.

As persons under age are not legally responsible, they are not eligible to appointment as agents or other offices where required to handle money.

Persons without experience in filling offices of trust should never be allowed to handle money, without careful supervision, until their creditability is established.

Honesty is a matter of habit as well as of principle.

When a deficiency is shown to exist in the cash, no matter how it occurs, the safe way is to make it good instantly. Responsibility may be fixed

* This was graphically illustrated in my experience in the case of two young men, defaulting cashiers. They were allowed unlimited discretion. In one case the agent absented himself from the office and left its affairs wholly to the cashier; in the other case the agent went away from the station and left the ticket clerk in charge without proper supervision or direction. Neither the age nor character of the delinquents warranted the confidence reposed in them.

afterward. Naturally, the duty of seeing that this is done rests with the person in charge.

When the cash is out of balance, or indeed any other account, careful search should be made for the cause. It is never safe to make a forced entry to balance an account. No one familiar with affairs, or who values his reputation, will do so.

An unexplained difference should not be allowed to exist any longer than is necessary to hunt it up, and in the event the station force is not sufficient requisition should be made on the superintendent for assistance.

An unexplained difference cannot be justified or excused.

In the main, the correction of errors and omissions will be simplified if intrusted to one man. But in order to avoid risk, the force, as a whole, should be instructed in matters of this kind so that there may be no delay because of the absence or inability of particular persons.

The official in whose name cash is handled and accounts are kept is responsible.

When a mistake occurs involving money, the amount should forthwith be made good by the person in charge and proper entries made in the cash book.

Afterward, if the person in charge is in doubt as to his responsibility in the premises, he can correspond with the proper department officer in reference to the matter.

It is the duty of such officer to see that justice is done.

When practicable, the examination of way bills and the making of corrections generally should be intrusted

to one particular person as suggested. This plan will secure responsibility and, as a rule, fidelity.

In the event counterfeits are returned or remittances are otherwise found deficient the shortage should be made good forthwith. In such cases a remittance should be made for the amount of the shortage, or, if a regular remittance is to go forward at once, it may be added thereto.

When a remittance is over proper entry should be made in the cash book and the amount should be deducted from the next remittance.

The question of joint responsibility of agents and subordinates is referred to elsewhere.

When responsibility for the cash is not assumed by the agent it should be fixed definitely in the cashier, and he should be selected with that view and should be accorded such rights and authority as may be necessary to protect him in the care of the money passing through his hands.

A railway station is a primary school; a natural entrance to the service.

Everyone, therefore, connected with a station should have such facilities afforded him as circumstances permit for acquiring knowledge of station matters.

The management should be liberal in this respect.

It should be the purpose of every agent to build up, so far as he can, the character and ambition of those subordinate to him; to lead them to familiarize themselves with their duties and learn as much as they can of the duties of others

without interfering with routine work. Wherever such a course is followed it will not be difficult to discern those who are industrious, capable and ambitious from those who are not.

Wherever a cashier is employed, the agent and cashier should jointly and severally have knowledge of the disposition of receipts.

It is the duty and privilege of the cashier, as well as the agent, to see that all collections are remitted, and that receipts returned therefor are filed in the office, where they will be accessible to everybody.

There is nothing confidential in matters of this kind, and there should be no secrets in regard to them, so far as the office force of the station is concerned. In fact, subordinate employes should be encouraged to keep themselves advised in regard to details affecting station routine, so far as the same can be acquired without neglect of duty. This should be done, not from a desire to pry into things that do not concern them, but from a natural and laudable ambition to familiarize themselves with station work, and thus fit themselves to fill places of greater responsibility and trust.

Where such a spirit governs, irregular practices are not likely to creep into the affairs of a station, and the character of the men and the quality of the service will be far beyond that which will exist where a contrary spirit rules.

Various kinds of security for the faithful performance of duty have been tried by railway companies.*

At first no security was asked of those who handled money. This práctice was quickly abandoned. Private bonds were then tried. These continued in use for nearly half a century.

In many cases bonds and other securities were deposited by those who were required to furnish security. No possible objection can be made to security of this character, except the risk attending its custody.

Private bonds, however, have come to be generally recognized as untrustworthy, beside being a source of annoyance and expense. It was this fact that give rise to public guaranty companies whose office it is to guarantee those who fill positions of trust.

No form of guaranty is, from the standpoint of the employer, so satisfactory as this. The guaranteeing company not only protects him, but looks into the antecedents of those guaranteed. Thus it affords a double advantage to the employer.

From the standpoint of the employe the mutual form of guaranty is perhaps the most satisfactory, but as it has only been tried within a very narrow field its merits cannot be determined as yet. It is based on the pooling of the cash premiums of those who furnish security. Losses and

*This subject is also discussed in another volume relating to revenue.

expenses are paid from the premiums thus bulked. The balance at the close of the year is applied on the next year's premium or conveyed to a permanent fund. The expenses attending this form of guaranty are very considerable for superintendence, clerk hire and stationery, and where it is restricted to a particular railroad, are perhaps relatively greater than similar expenses of a public guaranty company.

The form of mutual guaranty with which I am familiar contemplates carrying the premiums or balance, if any, at the end of the year to a permanent guaranty fund. Thus, if good fortune attends, a permanent fund will gradually be built up. It will, however, require patience and watchfulness. But success will follow if wisdom and fidelity are exercised upon the part of those in charge of the fund, first in examining risks, and second in looking after those guaranteed.

The mutual form of guaranty is not practicable except in connection with large properties. Under favorable circumstances employes may be guaranteed under the mutual form at probably less expense than in any other way, provided the same care and intelligence are exercised that are observed in the management of public guaranty companies.

The permanency and value of the guaranty system, whether mutual or otherwise, is dependent upon the experience and capacity of those in charge and upon the character and uprightness of those insured. It may be successful in one

case and meet with disastrous failure in another. Success or failure proves nothing. It depends, as other kinds of business depend, upon how it is conducted.

Whatever the form of guaranty may be, whether mutual or not, it involves an enormous amount of detail. This cannot be described nor learned off-hand. It is the result of practical experience, of long familiarity with the business, coupled with a discerning knowledge of human nature.

The guaranty business is in its infancy. Each day shows its imperfections. Aside from the security it affords employers, it serves another purpose, namely, the elimination of unfit men from positions of trust, who, except for it, would wander unconcerned from one property to another, unfaithful to all.

Summing up all that can be said in favor of public guaranty companies *versus* mutual guaranty funds, I think the former safer for railroads. The public guaranty companies are managed with ability and exhaustive knowledge of the business. Their attention is not distracted by other matters, and it is only reasonable to suppose that, with their knowledge and the undivided attention they give their business, they can carry it on with greater efficiency than when it is conducted merely as an accessory or bureau. There may be exceptions to this rule, but they will be exceptions.

In the actual operation of railroads, great leniency is shown employes. Good understanding is

heightened by making matters of security subjects of negotiation as other matters are that affect dollars and cents. If an employe prefers to deposit bonds or securities instead of subscribing in a public or other guaranty company, he should be allowed to do so, if the security can be protected without risk to its custodian, but railroads will best secure themselves, whenever it is possible, by requiring employes to provide security in a public company.

Every employe who handles cash should be required to furnish security for the faithful performance of duty.

The form of guaranty now generally required is that of an annual cash premium. This is the easiest to furnish and the most simple and comprehensive.

The premium thus raised is used by the railroad company to procure indemnity in some public company. In some cases the employer pays a part of or the whole of the premium.

It is one of the duties of agents and others to see that local employes under their supervision or otherwise, who handle funds or securities, furnish security. In order to insure this, they should notify the treasurer of changes in positions, the incumbents of which are required to provide security.*

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* When an employe who has paid the usual yearly premium leaves the service of the company (or is transferred before the close of the year covered by such premium) the unearned portion is usually refunded him by his successor at the time of transfer, the incoming employe taking a receipt for the amount. This receipt he forwards (with the receipt given in the first instance) to the proper officer, so that the balance may be transferred on the books. If a transfer has already occurred in connection with the place (i. e., if the person leaving is not the one who paid the premium at the commencement of the year), the balance of unearned premium due the retiring employe is paid to the latter by the incoming employe and a receipt taken therefor, which receipt, together with the duplicate receipt

It is a peculiarly ungracious task to ask a patron to secure the company against contingency of loss in those cases where it is compelled to trust him. It is unavoidable, however, in many cases. If proper tact and courtesy are used it may be done without offense. It should never be done except when necessary.

Here as elsewhere the element of good faith as between man and man will determine what shall be done in many cases, rules and regulations to the contrary notwithstanding, However, where there is doubt security should be exacted, unless, indeed, the practices of rival lines render such course inexpedient.

Exactly who shall be trusted, when they shall be trusted and the extent to which they shall be trusted, are matters that must be left largely in the hands of agents. They are responsible and the sagacity they exercise or fail to exercise determines their fitness or unfitness.

Security must be exacted whenever the interests of a company demand it. Risk may thus be avoided in those cases where the vicissitudes of business or the interests of patrons compel a company to extend credit to those who have not the right to ask a company to assume any such risk in connection with its business.

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held by the retiring employe for the unearned premium paid by him to his predecessor, is forwarded to the proper officer. In the event the position the employe leaves remains vacant, the amount of his unearned premium is refunded to him by the treasurer upon his forwarding the receipt for the current year's premium. He must, however, state on the back of the same that he has left the service of the company, giving the date and reason therefor. This statement is vouched for by the agent or superintendent of the division.

When it is necessary to exact a bond to secure charges, or on other accounts, it should be sufficient to cover the risk and the cost of enforcement.

In no case should a bond be for less than one hundred dollars.

In the case of private bonds, they should be signed by two sureties, each of whom should be worth not less than one thousand dollars in realty, free from debts, incumbrances and exemptions.

No man not of good character should be accepted as surety in any event.

Bonds should be forwarded to the proper officer for examination and safe keeping.*

The exigencies of business require agents to make more or less disbursements on account of a company without formal voucher therefor.

They do this in the settlement of balances due connecting lines at junction points (on freight to be re-billed) for drayage charges, cooperage, advances, etc.

There are two ways of paying: one by currency, the other by draft on the treasury. Both practices may be followed.

Payment in currency should be made when the amount is small; when the amount is large or would involve the keeping of cash on hand to meet the same, payment should be by draft.

In settling with connections balances only should be drawn for. This reduces the labor and expense to the minimum.

In order to facilitate business special drafts should be provided, according to the use to be

* For forms of various bonds and certifications thereto, see Forms Nos. 10, 11, 12 and 14, Appendix.

made of them. There need be little or no risk attending the use of drafts. It is much safer to use drafts in settling balances and for paying advance charges than to accumulate currency at stations for that purpose. Moreover, settlement by draft is authoritative and affords a record of the transaction.

When a company permits its agents to draw on its treasurer for sums needed in paying advanced charges on freight, or in settling overcharges, damages, injuries, losses, right of way, taxes, or for any other reason, a return should be required of such agents as often as once a week of the drafts thus made.

The person drawing the draft should be charged with the amount forthwith, and an account, known, say, as "Drafts drawn by agents," credited. In this way if a draft should be lost the company would receive the benefit of it and not the drawer.

The balance of the account will also show at all times the amount of drafts outstanding. The effect of requiring returns, moreover, will be to prevent, in a measure, irresponsibility, looseness and confusion.

In many instances it greatly facilitates business for a company to give its employes permission to draw for sums required in cases such as those referred to. But precautions may properly be observed. A good one is to insert in the body of the draft "Not valid unless paid by the treasurer on presentation at his office." This person

(the treasurer) is thus left at liberty to throw out any draft he wishes. The effect is to prevent collusion between the person drawing the draft and the payee. It otherwise secures needed protection. It does not involve any inconvenience to the payee as he at once deposits the draft for collection on receiving it, and if it is all right it is paid on presentation.

Drafts especially designed to meet different emergencies should be provided.

All drafts should be drawn on the treasurer.

No one should make a draft except those authorized.

No draft should be honored unless signed by the drawer or some one authorized.

Drafts for advanced charges or in settlement of junction balances should be drawn to the order of the creditor. This will further protect a company.

At junction points where business is small, balances with connecting lines should, so far as possible, be settled with currency.

Petty advances made to merchants and other shippers at country stations should also be made in currency.

When payment of balances at junctions is made in currency, settlement should be made daily. When, however, it is necessary to settle by draft, weekly settlements will answer in the absence of instructions to the contrary.

When exchange of business with other carriers is great, settlements should be made daily by draft.

Drafts should be for balances only. Thus, if the balance is against a company, its agent will give the representative of the other line a draft for the amount of the balance due it. If the balance is in favor of the company, a draft for the amount of such balance should be exacted.*

*Business is sometimes facilitated by varying this rule, by drawing drafts for the total amount of charges upon freight

A weekly return is required of agents of drafts drawn by them. In the event no drafts have been drawn a blank report should be rendered.

In the making of corrections security and efficiency will be best secured by acting promptly. If those who make them are dilatory they are liable to be overlooked, and the accounts and books thrown out of balance.

Errors and omissions are treated differently by different companies. In some cases the entry is altered where the error or omission occurred; upon other roads the correction is made elsewhere, in some subsequent document. It is probable both these plans have merit. In some cases agents are notified of every difference, whether it affects their cash account or not. In other cases only those are notified whose cash accounts are affected.

When any party to such a transaction fails to be notified it is manifest his books will not harmonize with those that have been altered. This, however, is not thought to be important when accounts are written up at headquarters instead of at stations.

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received from a connecting line and by exacting of it a draft for the total amount of charges on freight delivered to it. This will be the case when it is not easy for the agents to confer together in order to ascertain what the balance between the two companies in interest is. When they cannot confer in this way readily, each may draw a draft for the gross amount due by his company. This course should never be followed, however, when carriers are compelled to pay banks or others for collecting the drafts; in all such cases a draft for the balance as between the two companies in interest should be drawn, thus lessening cost of collecting.

Details connected with the manner, time and place of correcting errors and omissions in the books of railroad companies are as varied as the operations of railroads in other directions. A good plan, however, is to correct an error or omission wherever it occurs in the records, so that the fact may be known ever afterward without further reference. It is possible this is not the best plan, but it works very well and has this merit, that it prevents the same error or omission being considered twice in the making of vouchers or the refunding of overcharges.

I have referred elsewhere to the correction of books at stations and the advisability of intrusting such work to one experienced in such matters; a dilatory or neglectful person is a menace to everyone with whom he is identified, and he is especially so to carriers; a person who is neglectful in the office will be so in the yard and at the switches of the company—everywhere, in fact; an agent who writes up his accounts promptly and accurately may be trusted to be prompt and accurate in other things.

An important thing to be observed in correcting errors and omissions on the books and in the accounts is to perform the work accurately and clearly so that there can be no doubt or misapprehension in regard to the matter afterward. Confusion or want of clearness is liable at any time to not only involve the integrity of the agent, but occasion the carrier loss.

The necessity of promptness and thoroughness at stations in altering the books, statements and accounts (including cash) to conform to corrections is not always considered. It is really a matter of the utmost importance. It is necessary not only to insure clearness and accuracy in the station accounts, but to avoid embarrassments elsewhere.

Neglect to make corrections not only harasses the auditing officers and clerks of a company, but greatly embarrasses other agents and reflects upon them through the multiplicity of errors it engenders.

Neglect to make corrections promptly and carefully is an evidence of inefficiency, and the occasion of expense to a company. In the absence of instructions to the contrary, the following rules should be observed, viz.:

A notice should be sent in all cases where returns for freight, ticket, baggage or other accounts are discovered to contain errors or omissions; also, in those cases where way bills are changed.

The notice should be sent by the person making the correction to all parties in interest.

Special forms are provided so as to facilitate the work.

When an error is discovered no delay should occur in sending notice.

Notices of correction should not be signed or returned until the books, papers and accounts they refer to have been corrected.

No delay should occur in performing this work.

Neglect or delay serves to muddle the accounts and otherwise jeopardize the interests of a company.

No correction should be accepted unless it is understood and believed to be right.

In the event of doubt reference should be made to the proper officer.

In correcting way bills and other evidences of debts due a company, a safe course will be to charge enough. If too much is charged it will be easy to refund; if not enough is charged it may be impossible to collect.

There are two kinds of overcharges. First, overcharges discovered before the accounts are closed; in such cases all that is necessary to do is for the agent to refund and alter his books. Second, when the accounts have been closed and the amount collected has been charged to the agent upon the books of the company. In this case, it is manifest, he cannot refund the amount without a special credit being allowed him therefor. The usual course followed in refunding overcharges of this kind (in the majority of cases) is to make a voucher in favor of the person overcharged.

The accompanying rules and regulations are intended to cover cases where the agent collects more than the amount charged to him by the company. In such cases it is manifest there is a surplus in his hands, and will always be, until the amount of the overcharge has been refunded or has been turned over to the company. In cases of this kind there is an intermediary period between the time the overcharge is collected and the time it is refunded or turned over to the company. The overcharge book is intended to afford a record of the money in the hands of an agent during such time and the disposition made of it.

This book is of the utmost importance and requires to be accurately and promptly written up. It is, like all forms connected with accounts, the outgrowth of experience. It was found that when a large number of overcharges accumulated in the hands of an agent they were likely to be overlooked or forgotten if no permanent record

were made of them. To remedy this the overcharge book was introduced. It contains a history of each overcharge the money for which remains in the hands of the agent; it shows what finally became of the money. It is also intended to embrace other sums in the hands of an agent, not charged to him, which the company is responsible for.

It will often occur, through inadvertence or otherwise, that amounts will be collected by agents in excess of the sum charged them. This will be frequently the case in connection with the collection of freight charges. The effect is to create a surplus in the cash of a station, and unless due account of the same is taken, will throw the accounts out of balance.

To obviate this, agents should supply themselves with an overcharge book, in which they should enter the overcharges collected by them.

This overcharge bock is only intended to cover amounts collected by agents and not charged to them on the company's books. Other overcharges can be refunded only under express authority of the company.

Overcharges should be entered upon the record book immediately.

The overcharge book provides for taking the receipt of the payee when the amount of the overcharge is refunded. This precaution should not be overlooked.

Overcharges cannot be refunded except to the person overcharged, or upon his order.

No credit should be taken for the refunding of an overcharge until the money has been paid.

Overcharges unrefunded at the close of the month should be entered on the balance sheet (account currents).*

* It should not be forgotten in this connection that overcharges that accrue on way bills received after the close of the month do not affect the overcharge account of the month previous, for the reason that the cash was not received in such month.

Agents should, under no circumstances, refund overcharges in the absence of the original freight bill (receipt). This should be corrected and a notation made, in red ink on its face, showing the date and the amount of the overcharge refunded. This is necessary to prevent duplication of accounts and payments.

Overcharges should be allowed to remain in the hands of agents for only a short period. If not refunded, say at close of the month succeeding that in which collection was made originally, the proper officer of the company should charge the agent holding the money with the sum. Afterward the overcharge can in such cases be refunded only in the usual away—by authorization of the company. The party making claim therefor must, in consequence, be referred to the proper officer, as in the case of other claims to be settled from headquarters.

Money collected by agents in the way of overcharges, and for which they are responsible, should not be held by them but remitted to headquarters, as in other cases. When they refund the overcharge (if they do) the amount is taken from the current day's receipts.*

As agents are required to handle the vouchers of a company, more or less, it is necessary that they should understand how they are made, by whom they are made, who is authorized to approve the same for payment, who is authorized to direct payment to be made, and so on. It is

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* In order to obviate the necessity of making a voucher to refund every overcharge, overcharges collected by agents are, up to a certain time, allowed to remain in their hands. They are thus at liberty to refund the same as called for. The entering of the amounts on the overcharge book (and on the agent's account current) prevents their being diverted in any way and secures all the good that could be accomplished by formally bringing the same on to the general books at headquarters at once.

part of the routine machinery of the service. The essential features in regard to vouchers are the same everywhere. Details are not, however, alike upon any two roads. But these details are not important so far as payment is concerned. The fact of importance to the person paying a voucher is to know that it has been approved for payment. Many of the subjoined details interest auditing officers more than they do those who pay accounts, but the latter cannot act intelligently unless they are advised in regard to such matters. This is the purpose of the accompanying regulations.

Upon some roads the original voucher is used in paying by the treasurer. Upon other roads it is kept by the accounting officer and a copy made for the treasurer, which the latter uses in paying.

Again, upon some roads vouchers are made for traffic balances as well as for labor and material. Upon other roads such balances are certified to the accounting officer or treasurer by subordinate officials and payment made upon book accounts without an audited voucher. This latter is simpler and more expeditious. It permits balances that accrue in favor of or against carriers to be drawn for immediately—a most desirable consummation, and one that is growing in favor.

A voucher is a certificate of indebtedness issued by the company, giving the name and residence of the payee, the particulars of the claim, and the amount thereof.

Each voucher should recite the name and address of the payee and should give a detailed statement of the

purpose for which it is made, and the date and amount. It should be numbered and should show upon its face, or in the place designated under the filing, the account or accounts to which it is chargeable.

Papers or correspondence that belong to or are in any way necessary to explain the reasonableness or authenticity of a voucher should be attached to it. The facts in relation to it should be explained, either upon its face or in the papers that accompany it.

Vouchers for material should give the items in detail, and the prices for each, the date of purchase being specified.

Vouchers for labor should contain a statement of the time worked, the place, rate, month and date.

Vouchers for expenses should give each item, date and place so far as possible.

In paying vouchers it is not always convenient or practicable to read the papers attached;* consequently transfer orders may be overlooked, unless a notation is made on the back of the voucher calling attention to them. In the event, therefore, that an order is attached, making a voucher payable to someone else, the fact should be noted by the person making the voucher on the back thereof under the filing.

Vouchers should, so far as possible, be charged on the books in the month in which the debt is incurred.

Errors in name or initials of payee, place of residence, description of claim or amount thereof, cause much inconvenience, and are the occasion of expense and delay in the payment of an account. They are also liable to involve the company in loss if not discovered and corrected in time. Mistakes of this kind are frequently the result of ignorance or inadvertence upon the part of the maker of the voucher, but more often the result of carelessness. It is highly important, therefore, that especial care should be exercised in making

* When payment is made on the original voucher all the papers connected with it are attached for purposes of preservation and easy reference, and as an evidence of the authenticity of the account.

vouchers to see that the name of the payee, as given, is technically correct, and, if necessary, vouchers should be withheld by the maker until satisfactory inquiries in this respect can be made.

In the discharge of business it is unavoidable that the books of a company should become more or less clogged with fictitious charges against agents, from which they should be relieved.

There are many charges made against agents which they are unable to collect and which, in some cases, they are not expected to collect. Charges accrue on property that is never called for; that is lost, miscarried or refused by consignees; on goods burned or otherwise destroyed; on company's fuel and material; on account of debts collectible, not by the agent but by the treasurer or other officer of the company; moneys paid by agents on account of the company to be reimbursed by voucher; errors and rebates; balances standing against agents on account of fires or robberies for which relief is to be extended; also on other accounts.

The manner in which relief is granted is not material so that it is expeditious and under well devised regulations.

Upon some roads agents remit statements of uncollectible charges (such as those enumerated) to the treasurer as cash. Upon others they remain in the agent's account until a relief voucher is made.

The accompanying rules and regulations are based on the last named practice and assign the duty of making the voucher to the officer interested and qualified, in order that it may be done intelligently and that duplication of accounts may be avoided. This last is certain to occur if not provided against.

Charges for which agents should have relief should never be allowed to remain in their accounts a moment longer than is necessary; to do so is to create laxity.

It frequently occurs that relief is not afforded as quickly as it should be because of lack of clerical force. This is a weak excuse and never justifiable under any circumstances. There is no railroad so poor that it can afford to neglect routine work of this kind, because for every dollar it saves in clerk hire it will lose fifty in other directions.

The practice of allowing agents to secure relief by remitting statements to the treasurer as cash is a good one in many respects, but bad in others. My experience has been that it is better and safer to leave the charge against the agent until it can be examined by the officer in whose department it arises, and a voucher can be made.

It takes weeks or months to make this examination, but until the work is accomplished the charge should remain in the accounts of the agent in interest, whose duty it always is to prove its authenticity; this responsibility compels him

to preserve an authentic record; a matter of the greatest consequence and value.

Vouchers relieving agents of charges on company's material, and in other cases when charges are not collectible by them, or relief is necessary, should be made as follows, viz.:

By the purchasing agent:

For charges paid to other lines by agents at junction points on supplies for a company when the charges are not billed forward with the freight. No advances should be made to connecting lines for charges on material for a company except under regulations prescribed by the purchasing agent, or such other officer as may be designated to perform this duty.*

The purchasing agent should also make relief vouchers for local charges (if any) on supplies belonging to a company or proprietary road. The freight bills or statements of billing for such charges should, however, be forwarded to the freight auditor to be examined, and if necessary corrected; when this work is completed they should be returned to the purchasing agent, who will make the voucher.

Relief vouchers should be made by the freight auditor in the following cases:

For charges which the company assumes or collects at headquarters on freight for contractors; for charges on coal appropriated by the company or refused by consignees and used by the company;† for charges on government property collectible at

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* It should be remembered that the officers designated may be varied according to circumstances. The particular procedure that must be followed in order to ascertain if a claim is in accordance with the accounts of the company, and the record of the same that must be made in order to prevent duplication, will, however, be practically the same in all cases.

† Upon receipt of the freight bills or statements of billing for these charges, the freight auditor should furnish the purchasing agent with a statement of local and advanced charges, separately, for use in settling with owners.

headquarters; for amounts paid by agents to protect bills of lading; for switching charges paid other lines when the amounts are not billed forward with the freight; for amounts paid to connecting lines, stock yard companies and other corporations, for weighing and transferring cars, in those cases when amounts are not billed forward; for transfer, teaming and other charges, at junctions and elsewhere, when charges are not billed forward with the freight; for car service and miscellaneous charges for which the agent does not collect, but accounts to the company through returns; for way bills and other amounts improperly charged agents for which they are not responsible.

Relief vouchers are made by the general claim agent for:

Charges on freight refused by consignees, or lost, burned or destroyed while in possession of the company. Freight bills or statements of billing for such charges should be forwarded to the freight auditor (by the claim agent), who, after examining and correcting the same, should, without delay, return them to the claim agent.

By the ticket auditor:

Relief vouchers for errors or omissions upon the part of agents and conductors in connection with the sale or handling of tickets or fares for which relief should be granted; for amounts improperly charged agents or for which they are not responsible, on account of extra baggage.

By the division superintendent:

This officer makes vouchers for the relief of agents (when in his judgment it is proper to do so) for money stolen or destroyed by destruction of office by fire or otherwise; also to relieve agents for petty payments they have been authorized to make for feeding or care of delayed or injured stock, or to meet emergencies at stations.*

* This, however, does not imply or justify any general departure from the rules requiring that payments shall only be

The foregoing division of work in connection with the making of relief vouchers presupposes an arbitrary arrangement. This arrangement will not always be the same. Where it differs from the foregoing, the particular officer whose duty it is to make the relief voucher should be looked to instead of the one specified.

Agents should forward receipted bills or statements of billing, or both, as may be required, with freight claims.*

It is desirable that relief vouchers should be made early in the succeeding month, so that they may be audited prior to the closing of the accounts.

In the event of delay in receiving relief vouchers, agents should write the official interested.

No relief voucher, it may be said, should be made in favor of an agent on account of freight, ticket or other business without first referring the claim to the proper accounting officer for the purpose of ascertaining definitely whether the charge has actually been made against the agent or not on the books of the company. The same rule holds good in regard to vouchers to refund amounts to shippers and others on account of sums said to have been paid to the company. It is only by reference to the books that it is possible to determine whether a charge is *bona fide* or not. If an amount is to be refunded on account of car service the matter should first be referred to the freght auditor to ascertain whether there has ever been anything charged for car service; the same rule is to be observed in regard to claims arising in the passenger department, and in other branches of the service.

When a relief voucher is made, a notation to that effect should be entered on the records and papers connected

made in due course on approved and audited vouchers. Generally speaking, those whom a company owes should wait until vouchers can be passed in their favor. This should not require more than a few days at most.

* When relief vouchers are required in connection with these claims the freight bills or statements of billing should be forwarded to headquarters on the last day of the month. The information is required, in many cases, in settling with owners of goods, contractors, etc.

therewith (especially the freight bill) so as to prevent duplicate payments.

The mechanical duty of paying the bills and accounts that accrue along the line of a road in connection with its operation should be supervised by some particular official so as to prevent confusion or irregularity. This is the general custom, and is a wise one.

Some officer is designated who is authorized to give instructions in regard to the settlement of accounts that should be paid.

But practices observed by railroads in regard to payment of vouchers vary greatly, as they do in everything else.

Many roads pay upon a copy of the original voucher, sending such copy to the person in whose favor it is made, who deposits it in a bank or with an express company, the same as he would a check or draft.

Some companies pay their vouchers altogether by check.

Some pay partly by check; partly by currency; partly through agents; partly by using the voucher as a draft.

Vouchers payable at stations and clearly within the ability of the agent to meet without holding his receipts, may be sent directly to him to be paid in currency and remitted as cash afterward; if the amount is too large a check may be sent, or the voucher itself may be used as a draft.

With this explanation, the following rules and regulations will be understood:

Vouchers are required to be approved by the proper officer before being paid.

In order to systematize payments they are made directly from the office of the treasurer or under his direction.

Before paying a voucher the payee should be called upon to state specifically the amount and nature of his claim. His ability to do so will serve in a measure to identify him, and is, moreover, corroborative evidence of the correctness of the account. It will, in addition, enable the company, without the knowledge of the payee, to correct any mistake that may have occurred in auditing, whereby too much may have been allowed, either through duplication of the account or otherwise.

Vouchers payable at or near an agency are, in many instances, sent to the agent to pay in currency. When the amount is large, or beyond the ability of the agent to pay out of the receipts for one day, a check should be sent with the bill. If, however, an agent is inadvertently asked to pay a voucher from the proceeds of his station that cannot be done without holding his cash (and thus discontinuing his remittances), he should advise the treasurer of the facts in the case and await his instructions before attempting to accumulate the amount necessary to pay the account.

Vouchers sent agents and not paid within thirty days should be returned to the treasurer, with a statement of the reason why not paid; when checks or drafts are sent with vouchers they should be returned within ten days.

When more than one voucher is sent to an agent at one time they should be paid as fast as the receipts of the station will permit, and should be remitted from day to day, as fast as paid, without waiting for the whole lot to be disposed of.

Vouchers should be remitted forthwith by express after they are paid.

In the event vouchers are sent to the wrong agent to pay, they should be returned.

The signature to the receipt at the bottom of a voucher should be exactly the same in every particular as the name of the person or persons to whom the voucher is payable. Unless this is the case, credit cannot be allowed an agent for paying the same.*

Vouchers should be receipted by the person or persons to whom they are payable, or by someone known by the agent to be authorized to collect the amount and receipt therefor. In paying vouchers to persons holding orders, agents will see that vouchers are receipted by the person or persons to whom the order is payable, attaching the order to the voucher in every case.

Agents are held responsible for vouchers paid to unauthorized persons.

It will sometimes be necessary for the treasurer to pay money to an attorney or other agent of a company to enable such attorney or agent to satisfy a claim decreed by the courts, or otherwise. In such cases the disbursing officer should take the receipt of the attorney or agent for the money. This, however, is merely preliminary. When the money is finally paid by the attorney or agent to the person or persons to whom it belongs, a receipt therefor should be taken. This receipt should be filed with the one already rendered the treasurer by the attorney or agent. When a receipt from the person or persons to whom the money is finally paid cannot be secured, as sometimes occurs when money is paid to the officers of the courts, then all the facts connected with the payment should be recounted and placed on file in lieu of a receipt.

When the payee of a voucher cannot write, the agent or cashier who pays it cannot act as a witness.

When duplicate receipts are attached to a voucher they should be receipted, dated and returned with the voucher.

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* For rules and regulations governing receipts, see section devoted to that subject.

Agents should not permit papers attached to vouchers to be detached. Such papers are necessary to their completeness, and should not, therefore, be disturbed. These papers are, moreover, as a rule, confidential in their nature, and should not be inspected or read by the payee of a voucher, except when attached for his information.

After paying a voucher, agents should stamp it in a plain, legible manner (on the same date) with the station stamp, directly under the filing on the back of the voucher. This will indicate the agent by whom it was paid, particulars, etc.

In the event a voucher or check is lost, the company will require a good and sufficient bond of indemnity to be filed by the party in fault before issuing a duplicate. Great care should therefore be taken to protect vouchers and checks.*

Great trouble and risk are sometimes experienced in the payment of vouchers in consequence of their not being made in favor of the right person or persons. In some instances the initials of the payee are wrong; more often, however, the name is given incorrectly; in case of corporations and firms, names are transposed, or the vouchers are made in the name of individuals. When an error of this kind is discovered, payment should be stopped until the voucher can be corrected.

Money should never be paid except to the person or persons named in the instrument.

When it is found that an error has been made in the amount or name of the payee of a voucher or check sent to an agent to be paid, such voucher or check (or both) should be returned to the treasurer unpaid, with a statement of the facts in the case, so that the matter may be looked into and corrected.

Under no circumstances is it permissible for an agent to change or deface a voucher or check in any way.

If for any reason a voucher is to be paid to a person other than the one in whose favor it is made, a certifi-

*A form of bond is given in the volume relating to expenditures.

cate to that effect (except when the transfer is made by order of the payee) must be attached to the voucher. This certificate must be signed by the person certifying to the voucher, and must be entered by the auditor and approved by the approving officer. Reference to the certificate of transfer should also be made on the back of the voucher underneath the filing.

In paying vouchers to persons holding orders, the order should be attached to the document in each instance, and the person holding it made to sign in lieu of the principal. But it should not be forgotten that companies are averse to accepting orders save for good and *bona fide* reasons. They prefer to treat directly with the principal.

Cases will sometimes arise of such urgency as to require payment in advance of the auditing of a voucher to cover the same. When this is done the money thus advanced should be charged to the official of the company who receives and disburses it, but no payment should be made in advance of auditing except under rules and regulations established beforehand by the treasurer.

In the event any portion of the money advanced under the foregoing rule is reconveyed into the treasury, it will of course be credited to the account charged.

For such portion of the money as may be disbursed, a voucher should be made (by the official making the disbursement) in favor of the person or persons to whom the money is paid. The receipt of such person or persons should be attached to the voucher.

Vouchers made on account of money advanced should be credited to the person charged with the advance. On the face of such vouchers there should be noted (by the person making them) the fact that they have been paid, giving the name of the person by whom paid.

A similar notation should be made on the back of the voucher, underneath the filing. The notations should be plain and conspicuous, so as to prevent duplicate payment.

While details connected with the cancellation of vouchers will differ greatly, material things will be the same.

Up to a certain time a voucher can be destroyed the same as any other unrecorded document, and a new one made or otherwise, as the case requires.

But after the books of a company are closed the voucher becomes necessary to substantiate the original entry and must be the basis for its cancellation.

Like all matters connected with corporations, particular forms are not so important as it is that there should be a clear record of every transaction, so that there may be no doubt about the propriety of the action taken afterward.

Here, as elsewhere, it is not only essential that an official should be honest, but that he should be able to prove it. This he can only do by the preservation of records.

Up to the time the books are closed and the statement of audited bills entered upon the general books, any error in the amount of a voucher may be corrected or the voucher itself may be canceled and withdrawn from the register of vouchers by simply canceling the entry on such register. Afterward such correction is impossible. If an error has been made in the amount, the instrument must be formally canceled and a new voucher made.

When it is desired to cancel a voucher after the books are closed, it should be forwarded to the accounting officer, so that the cancellation may be made on the books in due form.

Vouchers requiring to be canceled after the books are closed should never be destroyed, as they are required for filing.

In the event it is necessary to cancel a voucher, the request therefor should be noted on the back underneath the filing with the reasons given. This should be signed officially.

In case a new voucher is required, the person making the original should, if practicable, make the one to take its place.

In canceling vouchers, the amount should, of course, be credited to the account originally charged.

Some companies do not issue certificates of wages or time tickets under any circumstances when men leave the service; they simply notify the paymaster, specifying the amount due, name of person and other necessary particulars. In some cases no notice whatever is given, payment being left until the usual time.*

It is important for various reasons that the issuing of time tickets should be restricted as much as possible.

Those who work for corporations should be required, so far as possible, to personally appear before the paymaster and secure their wages. No safeguard that can be thrown around the payment of wages is as satisfactory as this.

It is not practicable in all cases for men to wait until the paymaster can pay them; it would entail too much hardship—would be unjust, in fact. Therefore certificates of wages are issued when the circumstances of the case require.

*Matters relating to these certificates are referred to at considerable length in another volume.

The method of issuing certificates is dependent upon circumstances, as is apparent from the accompanying rules and regulations.

In some cases certificates are issued for the full amount of wages, in others only for a part.

In some cases no certificate can be issued until the affairs of the retiring employe have been audited.

In every case the interests of the company must be protected. This is a *sine qua non*—the first consideration.

The accompanying rules and regulations contemplate the issuing of time tickets under certain conditions to those who leave before or at the end of the month.

A time ticket should not, however, be issued after the pay roll for the month has gone forward, as the pay roll must be marked "Time given" in order to prevent payment on both the time ticket and the roll. In such cases a ticket can only be issued after the person having possession of the pay roll has noted on its face that a certificate has been issued.

The purpose of the accompanying rules and regulations is to prevent errors, omissions and irregularities and, so far as possible, facilitate the prompt payment of wages. They are the result of many years' practical experience. They have grown little by little. Like the time ticket (certificate) of which they are a part, while apparently simple they are really complex.

It would seem, superficially, to be an easy matter to devise a time ticket that would be satisfactory. Yet the time ticket that accompanies these regulations is the result of thirty years of change and experiment, and no two forms gotten up in that period have been exactly alike—each issue being changed according to the suggestions afforded by the use of the preceding one. Thus systems grow.

In connection with the issuing of time tickets the utmost circumspection should be used. Those who sign and countersign them should know personally that the men in whose favor they are made have worked as stated. Their action should be responsible and concurrent, so as to establish the authenticity of the transaction beyond the question of a doubt.

No time ticket or voucher can be accepted as authentic about which there is suspicion or doubt; in every such case the document should be held until the matter can be investigated. In all cases of doubt the company should have the benefit of it.

A time ticket* is a certificate of wages due the person in whose favor it is made.

The utmost circumspection is required to be exercised in issuing it. The same care, in fact, that is exercised in issuing a check, or making payment in any other manner.

In no case should a time ticket be signed or countersigned until the persons who perform the duty have assured themselves that the ticket is correct and in

* For time ticket see volume devoted to expenditures.

accordance with the facts, and that the service has been performed as stated.

For the better protection of the company and the employe, and to obviate any doubt as to the terms and conditions upon which the time ticket is issued, the following form of agreement should be printed on the back of the ticket. This agreement the payee signs at the time the ticket is delivered to him:

AGREEMENT—This time ticket, upon which payment for wages is made, is accepted by me in full payment for services of every name and nature for the.....Railway Company, or companies owned or controlled by it, up to and including the time specified herein.

It is accepted by me subject to the rules and regulations of the company on whose account it is issued. I agree not to negotiate it or attempt to collect it through any bank or collection agency, but to present it in person to the paymaster of the company, or such agent of the company as may be authorized to pay it.

It is also understood and agreed to by me, as witnessed by my signature hereto, that in the event I lose this ticket, or it otherwise passes out of my hands, and in consequence the amount called for is paid to the wrong person, I will not hold the company responsible for the amount.

.....

(Signature of Payee, i. e., the person to whom this ticket is issued.)

Witness:..... Title of witness:.....

When a time ticket is delivered, and before the payee signs his name, his attention should be called to the agreement, so that in signing it he will do so understandingly.

An important purpose served by the agreement is that it enables the payee to secure the sum due him with the minimum amount of trouble; it facilitates his identification by rendering it unnecessary for him to hunt up witnesses.

The payee should personally sign his name to the agreement. If he cannot write, he should make his mark. This should be done at the time the ticket is delivered to him and in the presence of the person issuing it, who should sign it as a witness. In those cases where the person issuing the ticket does not personally

deliver it to the payee, the agreement should be signed in the presence of, and should be witnessed by, the official who does deliver it.

The signatures of those who act as witnesses should be known to the paymaster and agents of the company who are called upon to pay time tickets.

When time tickets are issued from the central office to employes situated at a remote or isolated place, as in the case of men scattered along the line, it is manifest that the official issuing the ticket cannot in many cases see or identify the payee. He should in such instances demand that the request for the ticket be signed by the person immediately responsible for the labor, and countersigned by the person who kept the time. This request should be preserved, as it forms the basis upon which the ticket is issued, and may be required at any time to verify the same.

Requests for the issuance of time tickets should not be made except in extreme cases; it is desired that the time ticket itself should be used. Thus, in the event it is necessary to issue a time ticket at a station, a blank ticket should be used. It should be countersigned by the agent and his timekeeper as well. Afterward it should be sent to the superintendent or official who makes the roll, to be signed by him and recorded.

It is a duty of the stationery storekeeper to furnish blank time tickets to such agents and others as have occasion to use them. They should not be furnished promiscuously, but only to those who have employes coming and going who must be paid when they leave the service. At other places blank time tickets should be furnished only when occasion to use them arises.

Requisitions on the stationery storekeeper for blank tickets should be approved by a responsible officer before being honored.

A record should be kept by the stationery storekeeper of the persons to whom blank time tickets are issued.*

* Superintendents of divisions, civil engineers and others responsible for labor, who sign time tickets for employes scattered alone the line, may furnish blank time tickets for the

Time tickets should be numbered consecutively by the printer, and no two tickets should bear the same number.

A time ticket should not be issued except to those who have left the service of the company or who have been transferred to another division of the road.

In order to minimize the risk, no time ticket should be issued for a sum exceeding one hundred and fifty dollars.

The time ticket should show the name of the employe, the time worked, rate, occupation, place and amount.

The reason for issuing a time ticket should be stated on the face thereof; thus, if the payee is no longer in the employ of the company, it should read "Left the service." If he has been detailed to another division, it should be marked "Transferred to blank division," and so on.

In order to enforce responsibility and insure the preservation of the record of each ticket issued (and proper notation on the pay roll opposite the employe's name), it is required that each ticket shall be signed by the officer in whose department the employe works.

It should be countersigned by the timekeeper.

Tickets issued at shops should be signed by the official in charge or his deputy, and should be countersigned by the storekeeper.

Tickets issued to employes at stations, upon trains and in connection with the track and bridge and building service should be signed by the official who makes the pay roll for such forces, and should be countersigned by the person or persons who keep account of the time and make return thereof.

When a time ticket is given, the persons issuing it should mark on the pay roll "Time given," opposite the name of the person to whom the ticket is issued. If the

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use of their subordinates as required. But in every case they should keep a record of each blank issued, to prevent improper use and to prevent a ticket being paid without a record being made on the pay roll of its issuance.

pay roll has been sent forward, a ticket should not be issued until permission has been received from the treasurer or paymaster. It is the duty of these officers in such cases to see that the roll is marked.

Neglect to carry out the foregoing particulars entails personal responsibility for any loss a company may suffer.

Notices to mark pay rolls should be accompanied by the name of the roll and the number of the employe.

A time ticket should never be delivered to the payee until it is both signed and countersigned. When this precaution is disregarded the payee neglects in many instances to have the ticket perfected and is put to much delay and inconvenience in consequence, as no ticket can be paid where these formalities are not observed. If an emergency should arise rendering it necessary to disregard the rule in respect to signatures, the ticket should be inclosed in an envelope, sealed and addressed to the person who is required to sign it, and the payee specifically directed to go to such person and obtain his signature, otherwise payment will be refused. Such an emergency will sometimes arise, it is proper to say, when the persons who sign are located at different points and the necessary signatures cannot otherwise be procured without greatly inconveniencing the payee. In all ordinary cases, and where the parties are located near each other, all the signatures should be attached to the ticket before it is delivered.

In filling up a time ticket ink should be used or other material impossible to be changed or canceled without detection.

The time ticket should be filled up in exact accordance with the requirements of the blank.

No alterations or erasures should be made on the face of a time ticket. When an error or inaccuracy occurs which necessitates an alteration or erasure, the ticket should be canceled by being punched and the signatures destroyed. The ticket thus destroyed should be left in the book in its proper place.

A time ticket should never contain the name of more than one person, i. e., a time ticket should be made for each person, except as provided for below.

When a large number of men leaves the service in a body, involving the labor of making a considerable number of time tickets, the pay roll blank of the company may be substituted, but an impression copy should be retained in every case. The pay roll form will not answer for this purpose in those cases where the pay roll is paid by check and the receipt of the employe is not taken. In such case a special form should be provided, which may be known as a "time-ticket pay sheet." Both these forms permit the insertion of a large number of names on each sheet. When used in this connection they are time tickets to all intents and purposes and will be governed by the same conditions. The names and other particulars should be entered in appropriate places, and a receipt taken of the payee in each instance in the column provided opposite the name. Time tickets thus paid (on rolls) should be stamped by the agent or person paying them on the date they are paid. When men are paid in this manner, amounts intended to be deducted from their wages should be entered in the column "Paid on account."*

Time tickets can only be given to the payee in person, and must be presented personally by him for payment.

Time tickets cannot be issued for the wages of deceased employes except under direction of an authorized officer of the company, generally the attorney. In such cases receipts should be made to conform to the facts, otherwise the transaction is not valid and the company may be called upon to pay a second time.

Similarly, time tickets cannot be given to persons whose pay has been garnished except under the authority of the proper officer. In such cases the matter is in

*There are many different forms of pay rolls. The one I give is very simple. It contemplates payment being made directly to the employe by a paymaster. See volume devoted to expenditures.

the hands of the court, and nothing can be done until it is decided to whom the wages belong.

Nor can time tickets be issued to anyone whose pay is for any reason withheld.

When employes are transferred from one division to another a time ticket may be given, under the rules, at date of transfer, for wages due to that time. The wages of employes transferred should be computed (on the division to which they are transferred) only from the date of tranfer.

When an employe leaves the service before the pay roll has been sent forward to headquarters, a time ticket may be given him (under the rules) for the amount payable to him at that time.

Before issuing a time ticket, care should be taken to see that the amount of any order which may have been given the company, or in which it is interested, or for which it is responsible, or for which the payee is properly responsible, is first deducted. In such cases the amount of the deduction should be noted on the time ticket, also on the pay roll.

Every precaution should be adopted to prevent overpayment.

Whenever anyone who handles the funds, stores or other property of the company, leaves its service, such portion of their pay should be retained until their accounts can be audited as may be necessary to protect the company.

When the accounts of such persons have been audited, it is the duty of the proper officials to see that any balance of pay to their credit is remitted to them as soon thereafter as possible, unless there should be some reason for withholding the amount still further. In the majority of cases the withholding of any portion of the wages of an employe causes him inconvenience, and is sometimes a severe hardship. Unnecessary delay should not, therefore, under any circumstances, attend payment.

When an agent leaves the service, or is transferred to another division, a time ticket may be sent to the travel-

ing auditor making the transfer, for wages due the retiring agent, except the amount to be withheld awaiting final audit of his accounts.* If the traveling auditor finds the affairs of the agent to be satisfactory, he should deliver the time ticket to him; otherwise he will note across its face, "To be credited in account," and remit it to the treasurer to be credited to the agent pending settlement of his accounts.†

The whole or a portion of the pay of a conductor who leaves the service should be withheld until his accounts are examined and balanced and the property in his possession turned over to the company. No conductor should be paid by time ticket or otherwise (or at most only a part) until advice has been received from the proper officer that the property in the conductor's possession has been accounted for, and his accounts balanced. As soon as the auditing officer has completed his investigations he should forthwith send notice to the treasurer of the disposition to be made of the wages of the conductor.‡

In order further to prevent misunderstanding or loss to a company, everyone who handles its funds or securities should be required to sign an agreement permitting the company to withhold his pay, or any portion thereof, upon his leaving its service, until his accounts can be audited and his indebtedness accurately determined. The form of agreement should be as follows, viz.:

"It is hereby agreed that in case the employe whose name is attached hereto shall quit the service of blank company or be discharged therefrom, the said company shall have the right to withhold any sum which may be due him until after a reasonable time for an examination of his accounts as such employe

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* Say $25.

† No portion of the wages of a retiring employe should be paid if there is any reason to suppose his accounts are not what they should be.

‡ When a time ticket is issued for a part of the pay of an agent or conductor, as indicated above, the roll should be marked: "Time ticket issued for ———," noting the sum. In reference to the balance of pay due, the roll should be marked: "Hold balance pending settlement of account."

has elapsed, and in all cases until the regular pay day of the company."

Where a large number of men is employed, a written request* is given by the foreman to the person to whom it is desired to issue a time ticket. This request should be presented by the payee to the person whose duty it is to make the ticket. After the request has been filled it should be canceled and the date of the issue of the time ticket noted in ink across its face. It should then be filed away for convenient use and reference.

The form of request is also designed for agents and similar employes who are required to make requisition on the superintendent or other officer for a time ticket.

It is desired, however, that the time ticket itself shall, whenever practicable, be used in such cases. When the time ticket is used it should be filled up in due form and countersigned by the agent, conductor, roadmaster, or other person or persons who keep the time or are responsible therefor. The ticket thus made and countersigned should be forwarded by express or other secure means to the official who is to sign it. When signed by the latter, and the record of its issuance made, it should be returned to the person issuing.

Upon some lines wages are required to be paid wholly by the treasurer or paymaster.

Upon other lines there is greater flexibilty in order to lessen work and facilitate business; thus agents are allowed to pay those discharged in their immediate vicinity upon properly authenticated certificates. Such certificates as are presented at the office of the paymaster are of course paid by him. Those presented at the office of the treasurer are paid by him. All

*See volume devoted to expenditures.

certificates thus paid are finally collected in a particular office, that of the treasurer or paymaster.

It is desirable in the payment of wages to facilitate the work as much as possible; to occasion payees the minimum of inconvenience. In pursuance of this it will be found convenient to have agents pay time tickets in currency when properly signed and countersigned, when the payee is properly identified. If an agent is under bond he may be intrusted with the duty of making payments of this nature that come before him.

The holders of time tickets when near the headquarters of a company should be required to go there to get their money; at remote points they should go to the agent.

Payments should, however, all be carried on under the direction of the treasurer and paymaster.

Regulations governing the payment of wages require to be very circumspect; to take account of minute things; otherwise irregularities will certainly occur sooner or later.

One of the greatest securities that a corporation has in the payment of wages is to require that they shall be paid to the person who earned them, to the original party in interest, and in the case of time tickets that they shall be paid to the person to whom they were given in the first instance, and that such tickets shall not be negotiable or transferable.

Time tickets should be honored only by the company, and should be entirely within its control. Banks should not be allowed to trade in them or buy them, and in order to prevent those who own them from being compelled to suffer a discount in collecting, the utmost facility consistent with safe practice should be afforded by the company through its agents.

No greater scandal can attach to a company than to have its certificates of wages traded in by banks and hucksters; to have it said that employes are compelled to suffer a discount in order to get their money.

Everyone to whom wages are due should be afforded such facility in collecting the same as to render it unnecessary for him to sell his time or to lose any portion thereof in collecting.

The subjoined rules and regulations are intended to systematize the paying of time tickets; to prevent confusion or loss through ignorance, inadvertence or otherwise. They are also intended to secure the payment of wages to those who leave the service of a company without delay. The interests of a company, quite as much as the convenience of the man, are advanced thereby. The sooner an employe receives his wages after leaving the service the better for him and for the service.*

Time tickets issued in accordance with the regulations governing such matters should be paid (under the

*The question of the payment of employes receives further consideration in another volume.

rules) by agents and other authorized officials after proper indorsement, if presented by the person in whose name they are made, and not otherwise.

Agents should only pay time tickets issued by authorized officials having jurisdiction over the division upon which their station is located, unless special requisition is made upon them to do so by a responsible official.

The same care should be exercised, so far as possible, in the payment of time tickets that is enforced by banks and other institutions in the payment of checks, drafts and similar evidences of debt.

The person who pays a ticket should be assured in every instance that it has been issued by authorized officials.

Paymasters and agents are not authorized to pay time tickets unless the documents are properly filled out and authenticated. No irregularities attending their issue or use can, it is apparent, be overlooked.

As the regulations under which time tickets are made by a company cannot be known except to its authorized officials, it is impossible that they should be purchased or negotiated by others without risk. For these and other reasons they should, therefore, not be paid except to the person in whose favor they are drawn. This fact should be plainly printed on the face of each ticket. They will not then be valid except in the hands of the employe to whom issued.

When a time ticket is presented for payment, the person paying the same should require it to be indorsed by the person presenting it. If the indorsement conforms to the signature of the payee written at the time the ticket was delivered to him, it will afford corroborative evidence that the ticket is presented by the proper person. If the payee cannot write, he should be required to make his mark, which mark should be witnessed by some disinterested and responsible person before the ticket is paid.*

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*The witnessing of the cross, as provided for, is not designed to be so much an identification of the payee as it is of the fact that the amount has been paid by the paymaster, or other agent of the company, in good faith.

The indorsement of the payee on the back of a ticket, as provided for, is a sufficient receipt for the payment thereof.

Because of the fact that the purchase of the pay of employes or the discounting of the same is demoralizing to the service, such practices are universally frowned upon by railroad companies. For these reasons no one in the service of a company is permitted to buy or trade in the pay of other employes.

Wages of deceased employes can only be paid upon the order of the proper officer of the company. It is the duty of this officer to find out who are the beneficiaries of the deceased and cause the money to be paid to them.

In the case of deceased agents and others who handle money or fill offices of trust, payment cannot be made until their accounts have been finally audited.

When agents are required to remit their total collections daily, they cannot disregard such rule in order to hold collections to meet the payment of time tickets and other evidences of debt. When a time ticket is presented that cannot be paid without holding the cash, the holder of the ticket should be directed to some agent who can pay it, or the matter should be referred to the treasurer or paymaster for action.

When the receipts of a station are not likely to be sufficient to pay the wages of men leaving the service of the company, payable at such station, the paymaster should be notified in advance, so that funds may be provided to meet the emergency.

Prompt payment of time tickets is especially desired, and all who hold them should be requested to present them without delay for payment, and every reasonable and proper facility should be extended to those who hold them to get their pay.

It is desirable that men who leave the service of a company (on whose account time tickets are issued) should be paid without delay on the division where they worked.

Time tickets issued in the vicinity of the offices of the treasurer or paymaster (and in other cases when

practicable and convenient) should be presented for payment directly at such offices, by the persons in whose names they are drawn.

Whenever discharged men are sent to headquarters or elsewhere for their pay, they should be furnished with specific instructions as to where they are to get their pay, of whom, amount, etc.

It should be remembered that the person who pays a time ticket cannot act as a witness to the indorsement thereon.

When there is a deduction for any reason from the amount due the payee, only the net amount should be paid. Any amount that may be due by payee for board, or for any other purpose (as per deduction on time ticket), should, in the absence of instructions to the contrary, be settled directly by the paymaster or treasurer.

After a time ticket has been paid by an agent it should be stamped with the station stamp on its face, also on its back, underneath the indorsement of the payee. It should then be sent forward.

In order to avoid loss, agents and others who pay time tickets are required to keep themselves advised in regard to those who are authorized to issue the same, the names that should be attached, and such other particulars as may be necessary.

In order to further this purpose, division superintendents should notify agents in writing of the names of persons who are authorized to sign time tickets for their respective divisions.

In the event an employe whose pay is garnished should be given a time ticket through mistake, such time ticket should not be paid; but the person to whom it is presented for payment should write the word "Garnished" across the face of such ticket, and then return it to the official who signed it.

In no case should wages be paid on the roll where a time ticket has been given, without the presentation of such ticket, unless it has been duly and properly canceled.

Time tickets are made invalid if not presented for payment within thirty days from their date. This fact is printed on the face of each blank. The provision is designed to hasten their presentation.

In the event a time ticket is presented that has expired by limitation as provided in the preceding paragraph, notice of the fact should forthwith be sent to the paymaster, giving him the name of the payee, his present address, the kind of service performed for which the ticket was issued, amount due the payee and the names of the persons issuing and countersigning the ticket and the date of issuance thereof. But the ticket should not be paid without a special order. The discretion of the paymaster and treasurer in such cases is unrestricted.

In the event a time ticket is lost, notice should be issued forthwith (by the official who signed it) to all agents and officials authorized to pay the same, directing payment to be stopped. As it is extremely difficult and inconvenient to keep a record of documents of this kind, and as the danger is always great that they may be paid inadvertently, the utmost care should be taken to prevent loss. In furtherance of this they should be forwarded by express, or in some other way equally secure, when being sent back and forth on the line. When a time ticket is lost, the person losing it is required to file with the treasurer a good and sufficient bond of indemnity before a duplicate can be issued.*

It should be kept in mind by those who pay time tickets that no one except the person in whose name a time ticket is drawn is authorized to indorse the same, unless he does it as an administrator, legal guardian, or possesses a power of attorney, in which case the authority should be securely attached to the ticket. Any indorsement of a ticket by an unauthorized person is fraudulent and renders the person making it liable to

*See volume relating to railway expenditures.

prosecution. No credit can be allowed for paying such a ticket.*

While it may not be as difficult to cancel a time ticket as it is a voucher, nevertheless certain forms must be observed in order that a company may be certain that the ticket is canceled and that payment may be made afterward in the usual way if necessary.

Various causes arise necessitating the cancellation of time tickets. The most common are those cases where the payee does not present himself to claim the ticket Time tickets thus uncalled for, if not paid within a certain time should be canceled. The manner of doing this is hereafter described.

Those who are given time tickets should be asked to present the same for payment without delay. It is desirable on many accounts not to have tickets outstanding. The prompt collection of a time ticket, like the prompt collection of a check, is the safest course for the holder.

In order to limit responsibility and for other necessary reasons, time tickets not paid within thirty days of their issuance are, according to the express terms of the instrument, made void. Therefore, when they remain in the hands of agents and others unpaid after the expiration of thirty days, they should be canceled and forwarded to the paymaster. The form of cancellation should be by noting "Canceled—not called for" across the face of the document. This certification should be dated and signed by the person making it.

* This rule applies also to vouchers, drafts, checks and other instruments requiring the receipt or indorsement of the payee.

Upon its receipt the paymaster should erase the words "Time given" from the pay roll and note thereon the date the ticket was canceled by him, as, say, "Time ticket canceled July 10th, 1894." He should furthermore mark across the face of the ticket "Canceled July 10th, 1894," and sign his name thereto.

He should then destroy the signatures to the ticket and forthwith return it to the person who made it. It is the duty of the latter to make a notation on the records to that effect.

Afterward, in the event the person in whose name the ticket was made calls for the same, he should be referred to the paymaster, who will adjust the account in the same way he does other unpaid wages.

Details connected with the payment of wages are extremely varied and require special provision to facilitate work.

This is the case in connection with those who leave the employ of a company after the pay roll has been sent forward and when it is too late to make a time ticket. In such cases the retiring employe must await the usual day of payment unless by some means he can draw his wages in advance. The accompanying regulations are intended to do this without risk. In order to facilitate the purpose, a form called a "Letter of advice and identification" is used: first, to notify the paymaster in those cases where the pay roll has gone forward, that the bearer is entitled to his pay and should not be asked to wait until the usual day of payment; second, for the purpose of enabling the paymaster to identify those who

have wages due them who would not otherwise be able to secure identification.*

The letter is never used when a time ticket has been issued.

It is of especial value in the case of laborers and others who have left the service and must be identified before being paid.

It recites the name and number of employe and name of pay roll.

A letter should never be given to a person whose pay, or any portion thereof, is to be withheld for any reason, unless the amount to be withheld is plainly noted thereon.

A record should be kept of all letters issued.

A letter should not be delivered to the payee until it is both signed and countersigned. The regulations governing time tickets in this connection should be observed.

Whenever access to the pay roll can be secured, it should be marked "Letter given" before the letter of identification is delivered to payee. In the event this is done, the fact should be duly certified in the place provided on the face of the letter.

In giving a letter of identification, the officials signing and countersigning should require the person to whom it is given to indorse his or her name on the back of said letter. This should be witnessed by the official signing or countersigning, or some disinterested person known to the officers of the company. Afterward, when it is presented for payment, the disbursing officer should require that it shall be again indorsed by the person presenting it. If the two signatures are the same, it will afford corroborative evidence of the identity of the party. If the payee cannot write, he should make his mark, which mark must be witnessed by a creditable person. The person signing or countersigning cannot act as a witness.

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*For form of letter of advice, with related documents, see volume relating to expenditures.

The holder of a letter should be advised that its loss will involve the loss of the amount, as it is made good to bearer.

Letters should be presented by payee personally, as in other cases, whether indorsed by mark or otherwise.

Letters should not be used except in the cases provided for.

As pointed out elsewhere, one of the greatest securities in the payment of wages is to require that they shall be paid to the person who earned them; to the original party in interest; never on orders.

Everyone whose name is on the pay roll should appear personally before the paymaster and claim his wages except where payments are made by check. There will be other instances where this is impossible (in cases of sickness) or where it will entail hardship or suffering. When this is so, the paymaster may, after assuring himself of the facts, deliver to a third party the wages of an employe upon receipt of a properly authenticated order. In such cases the pay roll should be marked "Order given."

In other cases the rule requiring everyone to appear personally before the paymaster should be rigidly adhered to. Exceptions will be in the case of watchmen who would lose necessary rest; those who are sick or unavoidably absent; those whose place of business is not visited by the paymaster; those whom he misses in his trip over the road.

When it is impossible for an employe to present himself personally before the paymaster to claim his wages, he should, when practicable, be paid by check. This renders the use of an order unnecessary.

In the exceptional cases where it is necessary, or the interests of the company render it desirable to facilitate the issuing of an order by an employe, the officer immediately superior to the said employe should forward the

order, with a statement of the facts by the paymaster, who will, after investigation, mark the pay roll "Order given."

Orders on the paymaster will not be recognized as negotiable paper, and no one in the service of the company should traffic in them.

The exceptional circumstances under which orders are issued prevent their being recognized as commercial paper. Their issuance is not a matter that the company can control. It cannot, consequently, guarantee their payment, nor assume any liability for them whatsoever.

When an order is given it should be drawn on the blank provided for that purpose.

No order should be accepted or countersigned by any officer or agent of the company, except the paymaster, and then only in the exceptional cases specified and after he has marked on the pay roll, opposite the person's name, "Order countersigned."

No matter how much care may be exercised by a company to avoid the entanglements that garnishment of the wages of employes entail, cases of this kind will arise.

One of the principal purposes of rules and regulations in such cases is to secure prompt notification of the garnishment being sent to the officials of the company, so as to prevent the claim being paid after it is garnished, except by order of the court. In the event payment should be made through neglect of the company or its agents the company would be required to pay a second time.

The purpose of the accompanying rules is to secure prompt notification and by concurrent

action prevent the payment of wages except in due course.

The subject is referred to further in connection with the payment of time tickets.

Those who pay money on behalf of a company must inform themselves in regard to the regulations governing, whether published or not, lest they unintentionally involve themselves or their company in loss.

Whenever legal process relating to the garnishment of the pay of employes is served upon an agent or other employe, notice of the fact should forthwith be sent by telegraph to the counsel or officer designated in such cases. The notice should state the occupation of the defendant and whether married or single. A copy of the legal process should also be sent to the counsel by first train, giving the day and hour of service. A statement of the amount of judgment should also be sent to him as soon as rendered.

Immediate notice of garnishments of the pay of employes should also be sent by employes to those whose duty it is to issue time tickets; also to the paymaster, the division superintendent and defendant.

In reference to legal proceedings against a company and the service of summonses or other legal papers upon employes, the following should be observed:

Whenever a summons or legal paper is served upon an employe, it will be the duty of such employe to at once notify the proper officer thereof by telegraph, and send him by first train a copy of such summons or paper, with a statement of the facts in the case so far as known. The person receiving such summons or paper should indorse thereon the date and hour of service.

When property in charge of an employe is attached, replevied or levied upon by execution, the counsel or proper officer should be at once advised thereof and furnished with particulars of the names and addresses of

consignor and consignee, place of shipment and destination of property, and date and number of way bill. If the property attached, replevied or levied upon is baggage, the counsel should be advised of the number and kind of check, destination of the baggage, and name and address of the owner.

In cases of service of legal process, employes should demand of the officer serving same a copy of the writ of summons. He is bound to furnish such copy.

Employes should in no instance waive formal legal service, and should never sign or give acceptance of service.

It is sometimes necessary to direct payment of an account before it is audited.

A lawsuit may be avoided thereby, a necessary purpose effected, or reduction in an account secured.

Payments of this kind, however, should never be made except under authority of the treasurer.

Cases of most common occurrence coming under this head are gas bills and water rents, where a reduction can be secured by immediate payment.

The accompanying rules and regulations are intended to cover cases of this kind.

When illuminating companies or other local purveyors will discount their bills on condition of immediate payment, the following expeditious method of providing for settlement should be observed:

The bills that accrue at shops, stations and department headquarters should be certified and forwarded to the division superintendent for approval, by whom they should be sent to the station most conveniently located for payment.

After payment they should be forthwith remitted to the treasurer as cash.

Each month's bills should be remitted not later than the 10th of the succeeding month.

Officials in charge should see that bills are paid promptly and that the company receives the benefit of discounts allowed.

Bills paid by agents should be stamped on the back with the station stamp on the date paid.

When discount is not allowed for prompt payment, bills should be treated the same as others.*

The agent's balance sheet is a highly important document. It is the summing up of the whole of all other documents. It follows, therefore, that a prerequisite in fixing the responsibility of those who handle money is a correct balance sheet. If proper skill is exercised in devising the form it will afford an accurate, clear and detailed résumé of the account it summarizes.

A perfect balance sheet has not yet been devised for the use of agents. There are so many things to be considered that have not yet been determined, that up to this time the balance sheet is experimental merely.

The efficient handling of railway revenue depends much upon the form of balance sheet, the faithfulness displayed in filling it up and the fidelity exercised afterward in examining it.

The form of balance sheet will depend much upon the system of accounts.

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* The foregoing rules are intended to apply only in those cases where it is *impossible* to make voucher and have it entered and approved for payment in time to get the benefit of the discount.

The rules and regulations subjoined hereto contemplate a monthly settlement of the accounts of agents and the summing up on the balance sheet of the different aggregates for the month, as shown on the returns.

A part of the balance sheet of an agent is a list of uncollected bills. While the balance sheet gives the aggregate of uncollected bills the list gives the details.

This is also true in regard to remittances. The balance sheet shows the total amount remitted; the list which accompanies it shows the sums in detail. All these documents form a part of the balance sheet, and when the balance sheet is referred to, the documents in question are also included.

Every employe who handles money or its equivalents—drafts, checks, etc.—should make a balance sheet, exhibiting his affairs in detail, and the disposition and nature of the balance to his debit or credit. It is impossible to exercise intelligent supervision over an account without a balance sheet.*

The amount to balance, whether made up of cash, uncollected bills, payments on account of the company, or otherwise, should be stated in detail.

A special form of balance sheet should be provided for conductors.

The balance sheet should embrace a classified statement of collections from various sources; also of payments and remittances.

It should balance exactly, and in the event it does not the occasion of the difference should be minutely

*The form of this balance sheet and its collateral returns will be found in another volume.

explained. An account out of balance may represent errors for a large amount.

There should be no forcing of balances.

The balance sheet is intended to be a careful résumé of the affairs of the person making it, and its aggregates should correspond with the returns, including the list of credits claimed.

The balance sheet is required to be rendered without delay after the returns of which it takes cognizance are made.

Special collections made on behalf of a company in connection with the business of stations, such as loading, unloading, dockage, car service, cooperage and similar items, should be entered in detail on the face of the balance sheet. The items intended to be covered by this rule embrace charges that accrue in connection with the freight and baggage business of a station not regularly billed.

The list of uncollected freight which forms part of the balance sheet of agents should specify in detail each consignment for which credit is claimed. If properly made it affords a detailed statement of consignments which the agent has been unable to collect, or which arrived too late for collection. The information this list contains is extremely valuable in determining the status of affairs at an agency. It should be written up from the unpaid freight bills, and should be compared with the freight on hand.

Every effort consistent with business usages and the best good of a company should be made to reduce the list of uncollected bills and other sums due to the smallest possible amount.

The list of uncollectible charges (which also forms a part of the balance sheet), embraces amounts erroneously charged to the station; also other amounts for which the agent is entitled to relief. Details in reference to each amount should be clearly set forth.

The list of remittances, which also forms a part of the balance sheet of agents, should specify the date on which the remittance is credited at headquarters, and

the amount credited. Special entry is required of remittances received at headquarters after the close of the account current, i. e., after the close of the month. Such remittances are naturally carried forward into the accounts for the subsequent month, and should be entered therein by agents in the order of their receipt at headquarters.

No remittance should be included in the account current that is not made within the time covered by the account. If for any reason it is impossible to make a remittance on the last day before closing, it may be made up on the last day and sent forward the following morning. But this is the limit of such practices.

An account out of balance is an unknown quantity—something to be distrusted. It may represent a cent or a shortage of a thousand dollars, according to the nature of the account.

Only careful examination and accurate adjustment will determine what it is.

Hence the value that every experienced man attaches to an account in balance.

No one who regards his reputation or the interests of his employer will permit an account to remain out of balance a moment longer than a careful search will discover the cause. It is not a work that can be put off until a convenient season; it should be done at once, and thoroughly.

If cash is out of balance the reason therefor should be determined instantly. A forced balance should never be made—the particular error or omission that occasions it should be found and corrected.

The reputations of many agents and cashiers have been wrecked by neglect to observe this simple and fundamental rule.

The remittances made by agents and conductors should balance their accounts exactly. The remittances are intended to represent the total amount they owe the company. But, as errors will occur, it is desirable, before making the last remittance, to ascertain if the account is in balance, and if not, to correct the same. In order to do this effectively, a trial balance should be made. If no errors or omissions have occurred, it will balance exactly. If it does not balance, accounts should be checked in detail until the error or omission is found and the necessary adjusting entries made. If this is done before the last remittance is made, and the cash is adjusted to conform therewith, it will have the effect, it is apparent, to bring the accounts and cash into exact harmony, and thus secure, in anticipation, a perfect balance sheet for transmission to headquarters.

In the event anything should occur to prevent this adjustment of the accounts prior to the time for sending the last remittance, the remittance should not be held, but should be transmitted at the usual time and in the usual way. There will be no difficulty, however, in securing the adjustment if work is kept up promptly from day to day as it should be. It will, however, greatly facilitate matters if a trial balance is drawn off weekly in addition to the balance sheet referred to. This should therefore be done. It will also be well to make the final trial balance on the day before the last remittance. This will insure abundance of time, and if errors creep in subsequently they may be quickly located. In this way a perfect balance sheet is insured beyond the possibility of failure.

In the event the accounts of the station are not balanced in the manner described (before making the last remittance), or if errors occur after the last remittance is made, they should be embraced in the account current in order to balance the same. They should be

shown in detail, so that their extent and nature may be known. As soon as ascertained, adjusting entries should be made by the agent on the books, in the manner described, thus balancing the accounts. The cash should also be made to harmonize with the entries thus made. The correction sheet returned by the accounting officer will notice these errors and omissions, with others discovered in auditing the accounts.*

The following instructions will be of use in making the trial balance sheet:

If the amount of cash to be remitted to close the account, as shown by the cash book, does not balance the account, the books should be checked in detail until the error is found.

In the first place, it will be well to compare the columns for prepaid, ticket and advanced charges on the cash book with the returns for these purposes. Afterward, the miscellaneous column of the cash book should be compared with the items on the balance sheet.

If the account is still out of balance, the examination should proceed somewhat in this order, viz.: First, the agent should compare the total amount of the remittance columns of the cash book, added to the amount of the remittances brought forward from the preceding month, with the amount as entered on the trial balance. Second, in case the amount of remittances as shown by the balance sheet does not agree with the amount shown by the cash book, the remittance items on the balance sheet should be checked with the cash book, item by item, until the difference is found; reference should then be made to the remittance notice to ascertain which is right, and if the remittance entered on the cash book differs from the amount credited, the necessary

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* A letter of advice should be sent by the accounting officer to every person interested after the accounts have been finally examined and entered upon the general books. It should state the balance standing to the debit of the person to whom it is addressed, and afford a brief résumé of his affairs generally. It should particularly specify the things that require correction, discovered after the last remittance was made.

correction should be made. Third, it should be ascertained that the entries on the overcharge book have been properly made, and that no credit has been taken on the cash book for overcharges not yet refunded; also that all overcharges that have been refunded are credited on the cash book. The foregoing analysis will demonstrate what portion of the account is wrong, and, consequently, what portion it is necessary to check in detail.

If there is still a discrepancy, it will be well to see if the items which made up the debit balance from last month's account are accounted for in the remittances or other credits of the present month, and that the errors of the preceding month are adjusted on the overcharge book or cash book, as the case may require.

The balance may also be affected by petty disbursements on account of the station, made by the agent during the month and carried as cash, awaiting vouchers covering the same.

It should also be ascertained if the freight received accounts balance with the footings of the freight received column of the cash book. This can be determined by placing on the debit side the amount of uncollected bills carried on previous month's balance sheet, the amount of bills (if any) dated in previous month, received during the current month, which were not included in the list of uncollected bills, the amount of overcharges collected during the current month, and any miscellaneous items that may affect the freight received column of the cash book, as, for instance, duplicate entry of a freight bill on the cash book, and the necessary entry made on the credit side of the cash book to adjust it. In making the preliminary balance, the last named item would appear as a debit. On the credit side of the account the total footings of the freight received column of the cash book for the month and the amount of uncollected freight bills on hand should be placed. If the account does not balance the cash book should be compared with the freight record, to see if the items not checked (as appearing on the cash book) are to be found on the list of uncollected freight bills on hand.

The list of uncollected and additional uncollected from the previous month* should also be compared with the cash book and uncollected list for the current month, to see that every item is accounted for as either paid or uncollected.

The cash book should also be examined to see that nothing remains unaccounted for. If such an item is found examination should be made to ascertain if it is a duplicate entry, irregular or incorrect in any way.

The account should now be in balance, as the several parts wherein errors are likely to occur have been examined. If, however, it is not, the footings of the cash book should be carefully examined, also the uncollected freight of the present month, the columns of the account current, the uncollected freight of the previous month, and so on, until the error or omission is located and corrected.

The accurate transfer of accounts from one agent to another is of the greatest importance, both to the parties concerned and to the company.

If not authoritatively and concurrently performed disputes are likely to arise.

Hence the necessity that transfers should be made by a traveling auditor or other official of the company.

This is required not only to fix the relative responsibility of the parties in interest, but because of the skill needed in such matters and the necessity that the person who performs the work should have the data to enable him to do it intelligently.

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* "Additional uncollected" means bills for uncollected freight received after the close of the month.

A formal transfer of accounts should be made in all doubtful cases.

An account should never be left for a moment in the name or charge of a person who does not assume full responsibility therefor.

In the event an agent wishes to be temporarily absent, a formal transfer of accounts is not necessary. It is understood in such cases, unless protest is made, that he is responsible for the acts of his substitute.

A transfer should be made, however, when an agent refuses to be responsible for the person acting for him.

In the event of the prolonged absence of an agent, it is also best that the accounts should be transferred.

No transfer of accounts from one agent to another should be made except by a traveling auditor or under his direction. This is necessary to secure an authoritative statement of the accounts and balances for preservation and entry on the general books.

In other cases provision should be made by agents who contemplate absenting themselves from duty, if only for an hour. Affairs cannot be held in abeyance because of the absence or death of officials and agents. Business must go on, and rules and regulations carried out whether or no.

The rules and regulations governing remittances vary upon different roads. Upon many lines agents are expected to remit all they can and as often as possible, but discretion is allowed them as to time and amount; they may remit daily, tri-weekly, weekly or monthly, as they think best, according to the measure of their collection; they may, moreover, withhold such amount as they think best for a working fund, or because it is in small bills or change.

In some cases, probably in the majority of cases, money is remitted directly to the treasurer.

Upon some roads it is remitted to banks along the line. Upon others to a central bank.

Considerable saving is effected by requiring remittances to be sent to a bank. It also saves the treasurer much harassment on account of disputes in regard to differences of account.

As banks seldom if ever pay interest on deposits of this kind they can very well afford to pay the clerical expense of counting. A good plan is to have the money collected in the regular order of business sent to a bank, and have the bank send a detailed statement to the treasurer of amounts received. The remittance notices received by the bank, with the money, should accompany the statement. These remittance notices may be used in entering up the cash book in the office of the treasurer, after which they may be stamped and returned to the agent as an acknowledgment that the money has been received and credited.*

Many companies require agents to remit to the bank vouchers, gas bills, freight bills, water taxes and other petty accounts paid by them. These the bank receives as cash and afterward forwards to the treasurer for redemption. Upon some lines agents are required to remit such papers directly to the treasurer; this latter is the

* This saves the cost of writing a receipt. The "remittance notice" is really a letter of advice accompanying the money. See Form No. 16, Appendix.

plan contemplated herein. Such differences are, however, of no importance.

The essential thing in handling railway revenue is that it shall be collected promptly and remitted daily. The writer instituted this practice in 1869 and practical experience shows it to be admirable in operation.

Every cent collected should be remitted each day to the utmost farthing. It makes no difference whether the amount be large or small.

Under this plan collections pass quickly into the treasury of a company and are thus available for use, whereas, under other methods, they are scattered over the country and are slow in reaching the treasury.

Moreover, money is safer in the treasury of the employer than elsewhere. Consequently the sooner it reaches there the better.

The plan of daily remittances, besides, has an excellent moral effect. If the collector understands he must turn over each night all he collects he will be more careful about husbanding it for that purpose than if the time of remittance is indefinite. No one can doubt the truthfulness of this.

The accompanying rules and regulations are minute. They are such as experience has suggested and should be scrupulously observed wherever the methods they foreshadow are in force.

The full and accurate transmission of moneys coming into the hands of agents and conductors is of the greatest importance. It is best secured by promptness. Care-

lessness or neglect that might be overlooked without detriment in other things is culpable here.

The prompt remittance of every cent due from agents and conductors not only has the effect to relieve the holder of any unnecessary risk, but schools him in the habit of discharging his monetary obligations promptly and fully.

Agents should remit the total amount collected by them, no matter how small the sum may be, at the close of each day, or by the last express by which it is practicable to send a remittance.

Prompt and full transmission of cash in the hands of agents and others is based on the fact that risk of loss is greatly reduced thereby. After funds have been sent forward the responsibility of the person who collects ceases; consequently the sooner it is sent the sooner responsibility ends.

Facilities for storing money at stations and in offices elsewhere are limited, and at best precarious. It behooves those in charge, therefore, to keep as small an amount on hand as possible.

Two remittances should be made daily when risk is incurred by holding the amount.

If the remitting of the exact sum collected would exhaust the small change on hand necessary to do business, the remittance may be for even dollars, but should never, in any case, fall short of the total amount collected. For instance, if the day's collections amount to, say, sixteen dollars and ninety-seven cents, the remittance may be for seventeen dollars, carrying the over remittance forward on the cash book and deducting it from the collections for the succeeding day.

But, under ordinary circumstances, and especially on the day on which the account current is closed, the exact amount collected and necessary to balance the account should be remitted.

No distinction should be made in regard to remittances; collections of every nature belonging to a company, or for which it is responsible, or which are intrusted

to its care (such as telegraph receipts, etc.), should be sent forward on the day on which they are received.

Station remittances should be sent by the last train each day.

Collections should, so far as possible, be made before the remittance is forwarded, so as to reduce the amount to be carried over.

Cash should be balanced and the remittance made up within an hour of the departure of the train by which it is to be sent.

Remittances should be counted twice before being inclosed.

Too much care cannot be exercised in making up packages to prevent mistakes or omissions.

In the discharge of business, care should be taken to use coin as far as possible in making change, so as to have as little on hand as possible to remit.

A notice, duly signed and made in accordance with the prescribed form, should accompany every remittance.*

The address of the sender is printed on the back of the notice. This should be duly filled up before forwarding, so that when the cash is credited at headquarters, there need be no delay in returning the receipt to the sender.

If it should happen that a remittance is not promptly received at headquarters and accounted for, measures should at once be taken by the sender to trace it, through the express company or otherwise, as required.

If it should happen that a receipt should be returned for money but the money itself should not be placed to the credit of the sender, the fact should at once be certified to the treasurer or proper officer for investigation.

Agents and others should not deposit the cash of the company with local banks, or with any person or persons, unless authorized in writing to do so by the treasurer.

Nor should collections be exchanged for drafts or checks except under instructions from the treasurer.

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* For form of notice, see Form No. 16, Appendix.

Safety requires that all such paper should be guaranteed.*

Care should be exercised in accepting checks or drafts, as agents are held responsible for their accuracy.

Checks or drafts should not be accepted upon which the company will be required to pay a collection fee, except under instructions from the proper officer.

When the orders of express companies are received as cash, all the requirements of the blanks should be technically complied with. Those who handle them are responsible for defects, as in the case of checks and drafts.

Exception to the rules governing checks and drafts is made in the case of those drawn by the company. These, agents and others should cash on presentation, if properly authenticated and indorsed, when their receipts will permit.

In sealing bags of coin, agents should not cover the string with wax, but use only enough to make the package secure. When the string is completely covered with wax, it is impossible to sever it, and coin is caught within the folds. It is necessary, moreover, in such cases to destroy the bag in order to open it.

A tag should be attached to each bag containing coin, specifying the station from which it is remitted, the amount and address.

Currency and coin should not be remitted together in the same package, unless the volume of coin is less than five dollars in silver or twenty-five dollars in gold, in which case the coin should be placed in a small envelope, securely sealed, and inclosed with the currency.

When coin exceeds the amounts specified, it should be inclosed with a remittance notice in a coin bag and remitted separately.

When coin is placed in a small wrapper it should not be inclosed so tightly that it cannot be taken out easily when the wrapper is torn open.

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* For rules and regulations governing the exchange of currency for drafts, see Form No. 14, Appendix.

In remitting money agents should send as little mutilated currency as possible.

They should face bills one way and in order, or reversed order of denomination.

They should lay all bills, checks and papers flatly in the envelope, and not roll them up.

They should enter a description (list) of bills, checks, papers and coin on the remittance notice accompanying the money, noting how much of the remittance is made up of one dollar bills, how much of two dollar bills, and so on.

In the case of currency or coin not bankable at its face value (such as foreign or mutilated currency, and defaced, clipped, punched or worn coins), the par value thereof should first be inserted and the discount then deducted and the balance shown.

Packages of currency should be stitched with twine, run through the package at least in two places, tied, and sealed with wax.

The holes made by sewing a package should not be sealed.

The contents of a package and name of person remitting, also station number (in the case of agents), should be stated on the envelope.

While railway methods differ, my judgment inclines to the practice that requires current traffic collections of a bankable nature to be remitted to some bank to be designated by the company. The remittance should be taken directly to the bank when possible; in other cases it should be forwarded by express or other safe means.

In regard to non-bankable remittances, such as vouchers, certificates of wages, freight bills, and other accounts paid by agents under direction, also collections of a miscellaneous character such as may be specified, should be remitted directly to the treasurer.*

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* While it is contemplated that remittances shall be made to the bank, the accompanying rules and regulations fit equally well the practice of remitting directly to an officer of the company. When, therefore, remittances are made directly to an officer of the company instead of to a bank, the title of such officer will be substituted herein where a bank is referred to.

The details of special remittances should be noted on the notice, as in other cases. Also, particulars of each voucher, time ticket, or other bill it contains.*

When the person who makes the special remittance and the person to whom it is to be credited at headquarters are not the same, the former should notify the latter forthwith by letter.

When a remittance is made on account of two different people a separate notice for each should be inclosed.

Time tickets, vouchers, illuminating bills, checks, drafts and similar inclosures should be stamped on the back on the date paid.

Agents and others can only take credit in their accounts for amounts reported as received at headquarters. If a remittance is over, they should deduct the amount over from the next remittance.

If for any reason it is not intended to make a remittance on the day following a receipt of a notice of shortage in a remittance, a special remittance should forthwith be made to cover the amount of the deficiency.

An acknowledgment should be returned by the treasurer or proper officer for every remittance.† When not promptly received it should be written for. In order to save labor and insure accuracy the notice that accompanies the remittance should be stamped and returned to the sender as a receipt, as already explained. It should thereafter be carefully preserved.

Much of what is said elsewhere throughout this volume applies to conductors, and therefore invites their careful study.

Collections of conductors are made up almost wholly of cash fares collected on trains. There is, however, more or less money collected for damages and other special purposes.

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* For form see Form No. 17, Appendix.

† See Form No. 18, Appendix.

The transactions of conductors are done on a cash basis, or, in the event of credit, by collateral security. The exceptions to this rule are unimportant and not frequent.

It is the duty of conductors to collect cash on the spot and to remit the same promptly and fully.

In this way they will avoid the necessity of bookkeeping, and their accounts will always be kept square with the company.

By prompt remittances they, moreover, avoid the risks that attend possession and care of money.

The limited sources from which conductors collect money greatly simplify the instructions to be given them in connection therewith.

It has been the constant aim of railroads, from their inception, to restrict as much as possible the collection of fares by conductors; first, because of the difficulty the latter experience in keeping a record of the same, in the hurry and confusion of business; and second, because of the difficulty of surrounding transactions of this nature with the safeguards generally esteemed necessary in connection with the handling of money.

Efforts to secure safeguards have not been generally successful, nor will they be so long as passengers are allowed access to trains before the purchase of tickets.

For these and other reasons it is recognized that good business usage is conserved by restricting the collections of conductors as much as

possible, just as other business interests in life are restricted when it is not possible to control them.

Conductors recognize this truth even more forcibly than carriers and are forward in aiding their employer in his efforts to systematize the work.

The methods pursued by railroad companies to secure authentic accounting for fares collected on trains vary greatly as in other things. Upon some roads conductors are required to furnish the passenger a token upon which the latter may secure a rebate by presenting it at the office of the company, the token being used afterward as a check against the collection. Upon other roads the conductor is required to give a receipt (made with a punch) of duplex form, for each fare collected, keeping an accurate copy in his book of the particulars of the collection; this book is afterward turned over to the company. Upon others he is required to give a written receipt. Still other forms are used. None of them is satisfactory. Their value is dependent upon the intelligence and skill of those who attend to their enforcement. In business a system that works admirably under the supervision of one man proves a failure under that of another; the truthfulness of this is nowhere more aptly illustrated than in supervising collection of fares.

The remittances of conductors should correspond with the amount of their collections from day to day, being neither more nor less. If this rule is observed, they will

be in exact balance with the company. Conductors will neither owe the company, nor will the company owe them.

Conductors should make up their remittance immediately upon the closing of the trip, and remit without delay.*

The amount remitted should correspond with the report of collections.

When it is inconvenient for conductors to deposit directly at the bank, they should send their remittances by express from such points on the line as may be most convenient.

If the amount remitted at any time is more than it should be, the surplus should be deducted from the next remittance.

If the amount remitted at any time is less than it should be (occasioned by the throwing out of counterfeits, or otherwise), the deficiency should be added to the next remittance, or a special remittance should be made to cover the amount if no regular remittance is to be made in the immediate future.

When a conductor does not make more than one round trip a day, his remittance should correspond with his cash collections for the round trip.†

When a conductor makes more than one round trip per day, he should only make one remittance for the whole, unless it is more convenient or safer to remit after each trip. If he makes only one remittance, the amount thereof should correspond with the total sum he reports as collected. Thus the remittance and the returns will always harmonize.

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* For form of remittance notice, see Form No. 20, Appendix.

† When a conductor makes a round trip in one day the trip will end at the point where it commenced. Thus, if a conductor runs from New York to Albany and back in one day, the trip will end at New York, and the report and remittance for that day should cover such round trip. When a round trip requires two days, the point in such trip furthest south or east (unless otherwise directed) will be considered the terminal point. Thus, between New York and Albany, the round trip would be from New York to Albany and back.

In the event a conductor does not, for any reason, complete a round trip, he should make a report and remittance, without delay, for such portion of the trip as he may have made.

When an outward trip is in one month and the return trip in another, the report and remittance for such round trip should be included in the accounts of the later month. Thus, a trip that begins on the last day of January and ends on the first day of February, will be included in the February accounts, and the report and remittance for such round trip will be returned as of February.

Conductors should observe the rules and regulations governing collection of fares, method of arriving thereat, amount collectible, kind of receipt to be given to passengers in return therefor, and other instructions appertaining thereto.*

Conductors should make a monthly balance sheet, exhibiting collections for each train; also amount of each remittance, with amounts brought forward from the previous account current. It should be forwarded on the first day of the succeeding month. It should be written up daily. It will thus ever afford a record of current transactions. When forwarded a copy should be retained by the conductor.

If a conductor, when he completes his account current, finds that it does not balance, he should insert the amount to balance at the bottom. If the account is over he should deduct the amount from his next remittance. If the account is short, he should add it to his next remittance. This will have the effect to keep the cash account of the conductor in harmony with the books of the company. In order to prevent differences of this kind, however, conductors should take means to ascertain (before sending the last remittance) if their account balances, and if it does not, should add to or deduct from such last remittance the amount necessary to balance.

*These rules will be found in another volume relating to passenger matters.

The rules and regulations governing agents' remittances, as explained elsewhere herein, should govern conductors so far as applicable. This applies to the disposition to be made of cash collections, the manner of remitting, forwarding remittance notices with cash, tracing lost remittances, acceptance of checks and drafts, how currency and coin should be enclosed, sealing packages, addressing same, manner in which currency should be arranged, descriptive list to be entered on the remittance notice, and so on.

As already stated, these regulations contemplate remittances being sent directly to a bank. An exception may be made, however, in the case of collections of a special nature. Also in the case of non-bankable paper remitted as cash.

These, it is more convenient to remit directly to the treasurer.

The remittances of this nature to be sent to the treasurer cover collections made by agents requiring special disposition, or that are made of non-bankable paper. Reference to the rules and regulations will explain more clearly; these contemplate that moneys collected by agents and conductors in the discharge of business for passage tickets, freight, express, excess baggage, telegraph, car service, loading, unloading, transferring cars, dockage, storage, switching and kindred items taken up in their balance sheets shall be remitted to the bank. All these are credited to the person (agent) making the remittance.

Miscellaneous collections that grow out of charges for labor performed by operatives, material sold, collections for rents, fuel, hides, pelts

and carcasses of animals killed, sales of damaged, over and unclaimed freight and baggage, lands, town lots and charges for kindred purposes, that do not appear in the balance sheet of the agent making the remittance, are not credited, in many cases, to the person who remits the money, but to some other account or accounts.

The distinction I make between collections that should go to the bank and those that should go to the treasurer is not material.

Many roads have everything remitted to the bank or to the treasurer.

I have found the distinction I make desirable, but do not consider it at all important. It is a mere detail.

Non-bankable paper, such as vouchers, time tickets, gas bills, freight bills and similar evidences of debt, should be remitted directly to the treasurer.

Miscellaneous collections should also be remitted directly to the treasurer by the person who makes the collection.* They should not be sent through the hands of some other person, but directly.

If money thus transmitted is to be placed to the credit of the person remitting it, the fact should be stated on the remittance notice that accompanies the remittance; if it is to be credited to somebody else, the fact should be so stated.

The form of remittance notice provides for designating the name of the person to whom the money is to be credited. It also specifies name of person paying the money, particulars of the collection, etc.

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* Money collected by those in the service of a company cannot be paid out by them again on account of the company, but must be remitted to the treasury department to be paid out according to the rules governing disbursements.

In regard to miscellaneous remittances, those that affect the different departments may be credited to such departments. In this way many collections may be grouped and the number of accounts covered restricted.

In order to do this only one bill should be made monthly for miscellaneous collections remitted to the credit of a particular person or department, as described.

It is the duty of officers who have money to their credit on miscellaneous account to make a bill against themselves monthly.

The bill should specify in detail each amount to their credit, the date it was remitted, by whom remitted, from whom collected, its purpose and amount.

The bill should thus cover all credits.

It should also include amounts to the debit of the person making it for which credits have not been received. This bill should be recorded before the fifth of the month succeeding that for which it is made. It is the duty of the proper officer to see that it is duly entered and charged on the books.*

In order to systematize miscellaneous collections and enforce responsibility in connection therewith, the following rules are suggested:

Moneys collected for hides, pelts, tallow, carcasses of animals, road material, old ties, damage to company's property and kindred charges along the line, should be embodied in the returns of the official who authorizes the collection and within whose department the transaction occurs. The money should be remitted to his credit.

Moneys collected on account of sale of damaged, over or unclaimed freight should be remitted, with a detailed statement of the same, by the person making the collection, to the credit of the officer who has such matters in charge—usually the claims agent. If there are charges on the property thus sold, the amount of such charges

*The purpose and use of these bills are fully explained in another volume relating to expenditures.

should not be deducted from the proceeds of the same, but the full amount should be remitted.*

Moneys collected on account of the sale of damaged, over or unclaimed baggage should be remitted with a detailed statement of the same, by the person making the collection, to the credit of the officer who has such matters in charge. If there are charges on the property thus sold, the amount of such charges should not be deducted from the proceeds before remitting the money.

Moneys collected in connection with the land department, for lands and town lots, etc., should be remitted to the credit of the land department, or the officer appointed to take charge of such matters, by the person making the collection.

Moneys collected for rents, sale of old houses and kindred property, under the direction of the officer who has such matters in charge, should be remitted to his credit.

When registered bills against individuals are sent agents to collect, the amount should be remitted to the credit of the particular bill collected. In such cases, no mention of the collection is made on the agent's balance sheet, as the account is already of record. This rule applies also to checks, notes and other accounts sent agents to collect.

The collection of charges for private parties is frequently made upon request by the agent at the point of shipment. Sometimes charges follow. In the first named case the agent should collect the amount and debit himself with it on the cash book. The money should be remitted to his credit with his other collections.†

* Relief vouchers should be made to relieve agents of such charges.

† Such collections are frequent in the case of the owners of private cars. The money collected should be remitted with other collections leaving the railroad company to pay it over to the owner.

When the billing agent is instructed to allow the charge for the use of such cars to follow (as advanced charges) he should add the amount to the way bill as "advanced charges."*

When the charge for the use of a car is collected by the billing agent or added as advanced charges to the way bill, he should notify the car accountant or proper officer of the fact by first train, giving him the details connected with the transaction, including date of collection, station where collected, amount, name of car, company, where the car was billed to, and to whom the car was consigned.

The amount of charges for the use of private cars collected by an agent should be shown as a special item on the debit side of his balance sheet as "Charges collected for the use of private cars, etc." The amount of charges of this character waybilled as advanced charges should, it is manifest, be taken credit for with other advanced charges.

It will be understood that the owners of private cars charge for the use of their cars in addition to the railroad company's charge for service.

When the owners of private cars make their own collections for the use of their cars, the amount will not enter into the accounts of agents in any way.

When the car accountant, or proper officer, is advised by an agent that he has collected a sum on account of a private car, the fact should be certified to the treasurer so that the draft of the owner of the private car may be honored for payment when presented. At the end of the month the amount due from agents for collections for private cars should be charged to them the same as other collections.

The necessity that officials, and in many cases agents, should have some one to sign their names

*In such cases the proper entry should be made on the credit side of the cash book in the "Advanced Charges" column and the same amount entered on the debit side of the cash book in the "Miscellaneous" column, giving date and number of way bill, name of car company and number of car.

in routine matters when they are absent or busy, is well known and recognized.

Every official should have a deputy authorized to sign for him, in the case of time tickets, pay rolls, orders for material and other routine matters, so that the business of a company and the convenience and comfort of individuals may not be hampered by delays.

The names of these deputies should be certified so that they may be recognized in proper cases.

Neglect of officials to delegate this authority to subordinates creates not only inconvenience, but needless loss. Such delegation need never involve risk. On the contrary, is the means of avoiding risk.

All that is required is that it shall be systematized.

Agents also, in many cases, find it necessary to delegate subordinates the right to sign their names. This is true in the case of cashiers who sign receipts or make drafts to cover advanced charges due connecting lines, etc.

The names of officers should not be signed by their clerks to certificates, receipts or orders without authority and due certification thereof.

Due notice should be given to all concerned of the names of subordinates who are authorized to sign for superior officials or others.

The name of the person authorized to sign in lieu of the principal should be signed in full; thus, if a superintendent's secretary sign for him, the signature of such secretary should be given at length underneath the name of the superintendent, or, if the latter think desirable, the name of the secretary may be used without that of

the superintendent. This rule need not be observed by the subordinates of agents when it will occasion inconvenience; in such cases the initials will be sufficient.

The manner in which money may be remitted safely is so exceedingly circumscribed that the rules and regulations governing this particular part of the business may be said to be practically uniform.

In the absence of instructions to the contrary, the following should govern:

Money and valuable papers should be remitted by express.

Books are provided in which to record the remittance and take the receipt of the express company; these should be used. Provision is also made therein for inserting the date and amount; these should correspond with the cash book.

Agents at points where express trains do not stop should hand their remittance, sealed and directed, to such conductor as the treasurer may direct. He should receipt therefor, and deposit the same at the next express office at which his train stops, or at the general office or depository of the company, as may be most convenient to him, or as may be directed.

The agents of express companies are compelled to accept money packages whenever offered them for transmission during business hours.

Agents should deposit directly at a bank, when possible. When they do this, they should use the customary form of deposit book.

When a remittance, deposit or payment is made at the office of the treasurer, or at any other office of the company, a written receipt should be given in every instance for the amount at the time.

Remittances should never be sent by mail or the hands of irresponsible persons.

The records of a company are the history of its affairs and, consequently, of the utmost value.

Station records, while supplemented in a measure by those at headquarters, are of great importance, because of their value in the prevention of misunderstanding, in the settlement of claims, and for other purposes unnecessary to recapitulate. Methodical measures must, therefore, be taken to preserve them intact.

The length of time they shall be preserved must for each company be a matter of special direction. It is in a measure a legal question.

It is a good plan to intrust the disposition of old records to a particular officer. Those relating to stations may properly come under the direction of the traveling auditor. His visits are frequent and his knowledge such as to enable him to act intelligently. In this way, while unnecessary accumulations will be prevented, judgment will be exercised in separating that which should be preserved from that which should not.

It would be a good plan for every railroad company to designate a particular storehouse to which old books and records shall be sent, where they can be kept safely until such time as they may be sold for old paper. This is better than leaving them where they are liable to be lost or misplaced because of lack of facility for caring for them.

Care must be exercised to preserve the records and accounts of a company.

Every scrap of waste paper and every old book has a cash value and should be looked after as carefully as cash.

They can only be disposed of under direction of the proper officer.

Records should be retained in the office where they accumulate, unless otherwise ordered.

The statute of limitation varies in different states, and in order to cover interstate business, records should be retained during the longest period to which the statute of limitation extends in any state.

When claims against a carrier for loss, damage, overcharge or other purpose, as represented by the station records, can no longer be prosecuted, the records may then be disposed of.

It is the duty of traveling auditors, when visiting a station where material of this kind has accumulated, to forward the same to the storekeeper or make such other disposition of it as may be directed.

The waste paper that accumulates at stations should be preserved and carefully stored where it will not be exposed to fire or interfere with business. It should be shipped with the old records, as stated above. If, however, a considerable amount accumulates, or it is inconvenient to retain it until such time, it should be sent forward promptly to the storekeeper.

It is also their duty to attend personally to the weighing and billing of the same.

The old records retained at stations should be arranged in order by dates and carefully filed away in a safe place where they will not interfere with business, and in a manner that will permit papers being easily and quickly found. The records should be removed as far as possible from where lamps are filled or there is other danger from fire.

Old records and waste paper forwarded to the storekeeper should be brought on his books and taken up in his returns when received. The name of the person from whom received, place, description of property and

quantity should be recorded by him in each instance so that each transaction may be traced.

In concluding what I have to say here the following additional points may be noticed:

The interests of a railroad company require that its officers and employes shall be zealous in the collection of its debts, including those relating to traffic.

The business of carriers is greatly benefited by the exercise of tact and the cultivation of an obliging disposition upon the part of those who serve them.

In regard to matters of detail: The papers and records of a company should be written up and filed each day, so that in the event of accident or the sickness of those in charge the work may be intelligently taken up and carried forward by others. The preservation of records and their easy reference will also be greatly enhanced thereby.

The regulations that govern the use of blanks, books and papers are the result of experience and study, and should, therefore, be scrupulously observed. Not only will clearness and accuracy be secured thereby, but economy will also be heightened.

A history of the acts of railroads is a history of the acts of their servants. Preservation of these will be greatly facilitated by officers and employes keeping careful copies of their official acts and records; also the papers that emanate from them, such as letters, bills, vouchers, pay rolls, returns, statements, etc.

Common precaution requires that all receipts, drafts, checks, blanks, books and accounts shall be written in ink. In cases of peculiar emergency an indelible pencil may be substituted.

Efficient service is impossible where hearty co-operation does not exist. It is as necessary in connection with accounts as it is with the train service, and agents and others will find their interests and those of a company greatly benefited by hearty co-operation with

traveling auditors and with the accounting department generally in the measures it sets on foot to secure supervision and protection of the revenues of a company.

In regard to payments agents and others make on behalf of a company, as little delay as possible should occur in connection therewith. The good name of carriers will be greatly enhanced by promptness and courtesy in such matters.

When the rules of a company governing the handling of its cash are disregarded, responsibility for any loss that accrues in consequence rests with the person in fault.

Documents upon which payments are made by a company must be technically correct. It is impossible that those which are imperfect, either as regards authorization or form, should be filed away or otherwise relied upon to protect the interests of a company.

In order to prevent improper practices and preserve a service from scandals, no one who works for a railroad should discount or traffic in the pay of employes or other debts that a company may owe.

The rules and regulations common to corporations forbidding their officers and employes from using their money, except under authorization, are founded on good business usage and should find cheerful observance.

APPENDIX.

FORM No. 1.

FORM OF PRINTED REPORT TO BE MADE BY TRAVELING AUDITOR FOR EACH AGENCY EXAMINED BY HIM.—(CONFIDENTIAL.)

1. (☞This report is not only intended as a record of the examination, but it also is intended as a reminder to Traveling Auditors of the salient points to be investigated by them at each station. *It must, if practicable, be made before leaving the station.* In those cases where for any reason answers are unfavorable to the agent, or to the practices indulged in at the station, the replies should be noted in *red ink*.)

2. *Report of Examination or Transfer made by* ..... *Traveling Auditor.*

3. *Of* ..... *Station,* ..... *Division.*

4. ..... *189* ..... *M.*

	NAME.	DUTY.	Kind of Surety.	AMOUNT.	Salary of Incumbent.
5. Give the names and duties of all employes (including agent) who handle cash at the station.					
6. (In the event there is any one at the station who handles cash, who does not give adequate or suitable guarantee for the faithful performance of his duties as prescribed by the rule governing such matters, have him do so.)					

THE SPACE ABOVE TO BE USED FOR EXAMINATION, THE SPACE BELOW FOR TRANSFER.

7. If there is any one at the station who handles cash, whom you do not esteem honest and trustworthy, give name of person and your reasons.	.....	Retiring Agent.	.....	.....
8. (NOTE.—Officials must be straightforward in their dealings and accounts, neither equivocating nor pilfering. Only such are trustworthy. Moreover, a man who is a drunkard, or whose habits are licentious, is not a safe person to handle money. Young men who tipple occasionally are also likely to be unsafe.)	.....	Incoming Agent.	.....	.....

FORM NO. 1—Continued.

9. NOTE.—Agents should remit the total amount collected by them no matter how small the sum may be, at the close of each day, or by the last express by which it is practicable to send a remittance. Two remittances should be made during the day when any risk is incurred by holding the amount. If the remitting of the exact sum collected would exhaust the small change on hand necessary to do the business of the station, the remittance may be for even dollars, but NEVER IN ANY CASE TO FALL SHORT OF THE TOTAL AMOUNT COLLECTED. For instance, if the daily collection or cash balance amounts to say $19.98, the agent or cashier may remit $20.00, carrying the over-remittance forward on his cash book, and repaying himself for such over-remittance out of the collections for the succeeding day. But under all ordinary circumstances, and especially on the last day of the month, it is expected and required that the *exact* amount collected and necessary to balance the accounts shall be remitted.

10. Did you call for the whole of the cash the first thing on your arrival ?

11. Did agent have on hand exactly the amount of money required to balance the account, and if not what was the amount of the shortage ?

12. Was the amount of cash on hand, and necessary to balance the account, actually collected since last remittance or in the regular course of business ?

13. Did agent borrow money to make good his account, and if so, how much ?

14. Does agent close his cash, balance the same, and remit daily, and at the latest possible moment consistent with the forwarding of the money by the last train by which it is practicable to remit ?

15. Did you investigate to see whether the amount claimed by agent in his last account current, and necessary to balance the same, were correct ?

16. Did you investigate to see whether any amounts collected on account of current business were used to make good any shortage there might have been at the time of making the last account current ?

17. Are all receipts and disbursements of cash entered upon the cash book at the time of collection or disbursement ?

18. Is the cash book kept in accordance with the prescribed form ?

19. Are agent's accounts kept in a neat and systematic manner ?

20. Did you charge for telegraph, accident insurance, express, sleeping car, and similar collections made for others ?

21. Did you investigate to see if "Miscellaneous Collections" for extra baggage, loading, unloading, storage, switching, demurrage, care of stock, cooperage, transferring, etc., etc., and from other miscellaneous sources, are duly entered on the cash book and accounted for ?

FORM No. 1—Continued.

22. Are all collections of a special nature made from "various persons" for rents, sale of old ties, carcasses of animals killed by trains, damages to the property of the company, sale of material, fuel or other property, hides, pelts and other receipts kindred to these, not uniform or regular in their occurrence, duly reported; and does agent understand collections of this kind and how to make returns therefor?
23. Is agent zealous in the collection of miscellaneous and special charges?
24. Did you compare the cash book with the record of freight received?
25. Were any unauthorized credits claimed, or proper charges suppressed?
26. Were there any intentional errors or omissions in the cash book?
27. Are the rules and regulations regarding the care of money carefully observed?
28. Did you examine the list of uncollected freight bills on hand, and what was the amount of same? $_____
29. Were goods actually on hand for which uncollected freight charges were claimed?
30. What was the amount of uncollected charges on undelivered freight? $_____
31. What was the amount of charges due on freight that had been delivered? $_____
32. Were the charges on delivered freight collected while you were at the station, and if not did you obtain acknowledgment from consignees that the amounts were due as claimed?
33. Are all charges collected daily?
34. Is any exception made to the rule requiring all charges to be paid daily—if so, give the names and the reason for the exception?
35. Do connecting lines collect daily—if not, report the particulars, so that the matter may be called to the attention of the officials of such roads?
36. Does agent use due diligence and tact in securing the delivery of freight, and collection of charges?
37. If a junction station, how often are balances settled with connecting roads?

(Balances due from connecting roads should be verified as in other cases.)

38. Is the amount of uncollected freight bills embodied in agent's last account current correct?

FORM NO. 1—Continued.

39. Are receipts given and exacted by agent in all cases and according to the prescribed form?

40. Are advances on freight and for other purposes restricted according to the rules and regulations governing such matters, and did agent have receipts for all such advances made by him?

41. Did you send a statement of advanced charges to the Freight Auditor?

42. Are the freight records kept in accordance with the prescribed forms, and are receipts taken on delivery of the property?

43. Did you examine the unused freight bills, to see that all were intact, and did you satisfy yourself that those found to be missing were not used for dishonest purposes, or in irregular practices?

44. Did you examine the record of prepaid charges, and were all unused receipts intact?

45. Did you examine the record of miscellaneous charges, and were all the unused receipts intact?

46. Did you examine the record of switching charges, and were all of the unused receipts intact?

47. Is the agent or cashier provided with a draft book—If so, were all unused drafts intact?

48. Did you verify all miscellaneous credits as shown by the cash book since last examination?

49. Did you check the over-charges, advance charges, and interline charges prepaid, as credited in the cash book since the last examination, with each of the records, and did agent have a receipt for money thus credited?

50. Are way-bills, when forwarded and received, copied in the proper books; are they forwarded with the freight in every instance, and does agent examine quantities, rates, amounts and footings upon receipt of way-bills?

51. Is freight compared with way-bills immediately upon the arrival of former, and when same is unloaded from the car?

52. Is agent vigilant and prompt in inquiring into and making returns of stolen, over, short, unclaimed and damaged property?

53. Are abstracts properly written up, and way-bills sent to Freight Auditor daily?

54. Did you count the tickets on hand and compare same with list of stock on hand; are ticket registers properly written up; are tickets examined and inventoried by agent at proper intervals, and did you explain the action necessary to be taken in the event tickets are lost or stolen?

FORM NO. 1—Continued.

55. Did you make a careful examination with a view of discovering whether employes indulge in irregular practices in connection with the sale or disposal of tickets; such as the selling of the same ticket twice, etc., etc.?

56. Does agent change the date of the ticket stamp after the last train before midnight each day?

57. Is every possible facility afforded passengers to purchase tickets before entering cars?

58. Is the station provided with an office safe, and is it in good condition?

59. Does agent use both combinations?

60. Are records carefully kept and overcharges properly accounted for?

61. Are all returns, statements, accounts and bills received by agent carefully examined by him; are notices of errors sent when mistakes are discovered, and does he locate and properly adjust without delay, on his books and papers, all errors called to his attention?

62. Are all the station books and accounts kept substantially in proper form?

63. Does agent make provision for the various returns in advance, including the accurate balancing of his account current?

64. Did you actually balance the accounts, carefully locating and correcting all errors and omissions from time of last audited account current?

65. Are there any unauthorized or irregular practices indulged in by any one at the station or vicinity?

66. Are all general orders and circulars properly observed and filed?

67. Are the station records carefully preserved?

68. Did you give instructions wherever you found the agent ignorant or in fault?

69. Did you forward to the freight and ticket auditors for verification, the figures used by you in your examination?

70. What is the general condition of the station?

71. NOTE.—Traveling Auditors will make requisition for a safe for use at a station or ticket office in every case where the care of the Company's money requires it. Agents at stations where there is a safe in use, should be instructed to put into the same, each night, the ticket stamp, cash book, remittance books, way-bills, uncollected freight bills, and such other valuable documents as they can make room for.

72. GENERAL REPORT OF STATION.

(THIS REPORT MUST BE CONCISE AND TO THE POINT.)

(In the foregoing detailed report of station, all facts should be stated exactly as they are. In the general report of station such facts as may be judged necessary to a full and complete knowledge of the agent's character and record, and such observations as may be useful for reference or as a guide to future examinations should be given.)

FORM No. 1—Continued.

TRAVELING AUDITOR'S STATEMENT SHOWING CONDITION OF

DR. **(BALANCE**

72.	To Balance as per	account	
73.	" Difference as per	"	
74.	" Amount of local unpaid charges, freight received		
75.	" " advanced charges on	" "	
76.	" " miscellaneous "	" "	
77.	" " " prepaid charges, frt. forwarded		
78.	" " interline "	" " "	
79.	" " local "	" " "	
80.	" " switching charges, demurrage, etc.		
81.	" " local ticket sales		
82.	" " coupon " "		
83.	" " excess baggage charges		
84.	" " received for telegrams		
86.	" " of drafts drawn on accounting department		
86.	" " interline charges prepaid on frt. received not paid out		
87.	" " overcharges unrefunded		
88.	" " advanced charges, freight forwarded, not paid out by agent		

Amount of remittances claimed by agent and allowed by traveling auditor in addition to those received at general office.	Date Credited.	Amounts.	Drafts claimed to have been drawn by agent since last settlement of account current, charged by traveling auditor	

NOTE.—TRAVELING AUDITORS MUST

FORM NO. 1—Continued.

STATION AGENT'S ACCOUNTS AT THE TIME OF EXAMINATION.

SHEET, CR.

89.	By Balance per ..... account	.....	.....
90.	" Difference per ..... "	.....	.....
91.	" Remittances credited by accounting department	.....	.....
92.	" Remittances allowed by traveling auditor.....	.....	.....
93.	" Amount of advanced charges, freight forwarded	.....	.....
94.	" " interline charges prepaid on frt. received	.....	.....
95.	" " uncollected freight bills	.....	.....
96.	" " " excess baggage.....	.....	.....
97.	Working fund on hand.....	.....	.....
98.	Cash Book balance	.....	.....
99.	Days ticket sales	.....	.....
100.	Days excess baggage and telegrams.....	.....	.....
	Cash counted.....	.....	.....
	Cash required.....	.....	.....
	Cash over or short.....	.....	.....

_____ *Traveling Auditor.*

VERIFY ALL CREDITS CLAIMED BY AGENTS

FORM NO. 2.

AGENT'S MONTHLY BALANCE

For _____ *Station,* _____

Dr. Explaining in detail the various amounts to the Dr. and

(1)	To Balance to my debit, as per last month's report,		
(2)	" Differences to my debit last month, as per statement from accounting department,		
(3)	" Amount of local unpaid charges on this month's way-bills, received *for collection up to and including the last day of the month,*	$	
(7)	" Amount of local unpaid charges on this month's way-bills, received *for collection after the last day of the month,*	$	
(8)	" Amount of advanced charges on this month's way-bills, received *or collections up to and including the last day of the month,*	$	
(11)	" Amount of advanced charges on this month's way-bills, received *for collection after the last day of the month,*	$	
(12)	" Amount of miscellaneous unpaid charges on this month's way-bills, received *for collection up to and including the last day of the month,*	$	
(15)	" Amount of miscellaneous unpaid charges on this month's way-bills, received *for collection after the last day of the month,*	$	
(17)	" Amount received for miscellaneous prepaid charges, on freight forwarded,		
(19)	" Amount received for inter-line charges prepaid, on freight forwarded,		
(21)	" Amount received for local prepaid charges (including milk tickets), on freight forwarded,		
(23)	" Amount received for demurrage, loading, unloading and transferring cars, drayage, storage and switching, not shown on way-bills,		
(25)	" Amount received for sale of passenger tickets and sundowners' pledge tickets—last	$	
(27)	" " "

FORM No. 2—Continued.

SHEET OR ACCOUNT CURRENT

*R.*_____*for the Month of*_____*189*___

Credit of the Agent whose signature is attached herein. *No.*_____ Cr.

(3)	By balance to my credit, as per last month's report,					
(4)	" Differences to my credit last month, as per statement from accounting department,					
(5)	" Remittances credited during the month, as per statement annexed,					
(6)	" Amount of advanced charges on this month's way-bills, freight forwarded,					
(10)	" Amount of inter-line charges prepaid, on this month's way-bills, freight received,					
	¶ *Balance to my debit to be carried to my next month's balance sheet, made up as follows, viz.:—*					
(13)	" Uncollected freight bills on hand, as per accompanying statement,				$	
(14)	" Uncollectible freight charges, as per accompanying statement,				$	
(15)	" Amount of extra baggage charged, but not collected in this month's account,				$	
(18)	" Remittance of	100	credited in Chicago	100	$	
(19)	" " "	100	" "	100	$	
(20)	" " "	100	" "	100	$	
(21)	" " "	200	" "	100	$	
(22)	" " "	100	" "	100	$	
(23)	"					
(30)	"					
(32)	"					
(34)	"					
(36)	Working fund on hand,				$	
					TOTAL,	
	TOTAL,				$	

I hereby certify that the foregoing account is correct.

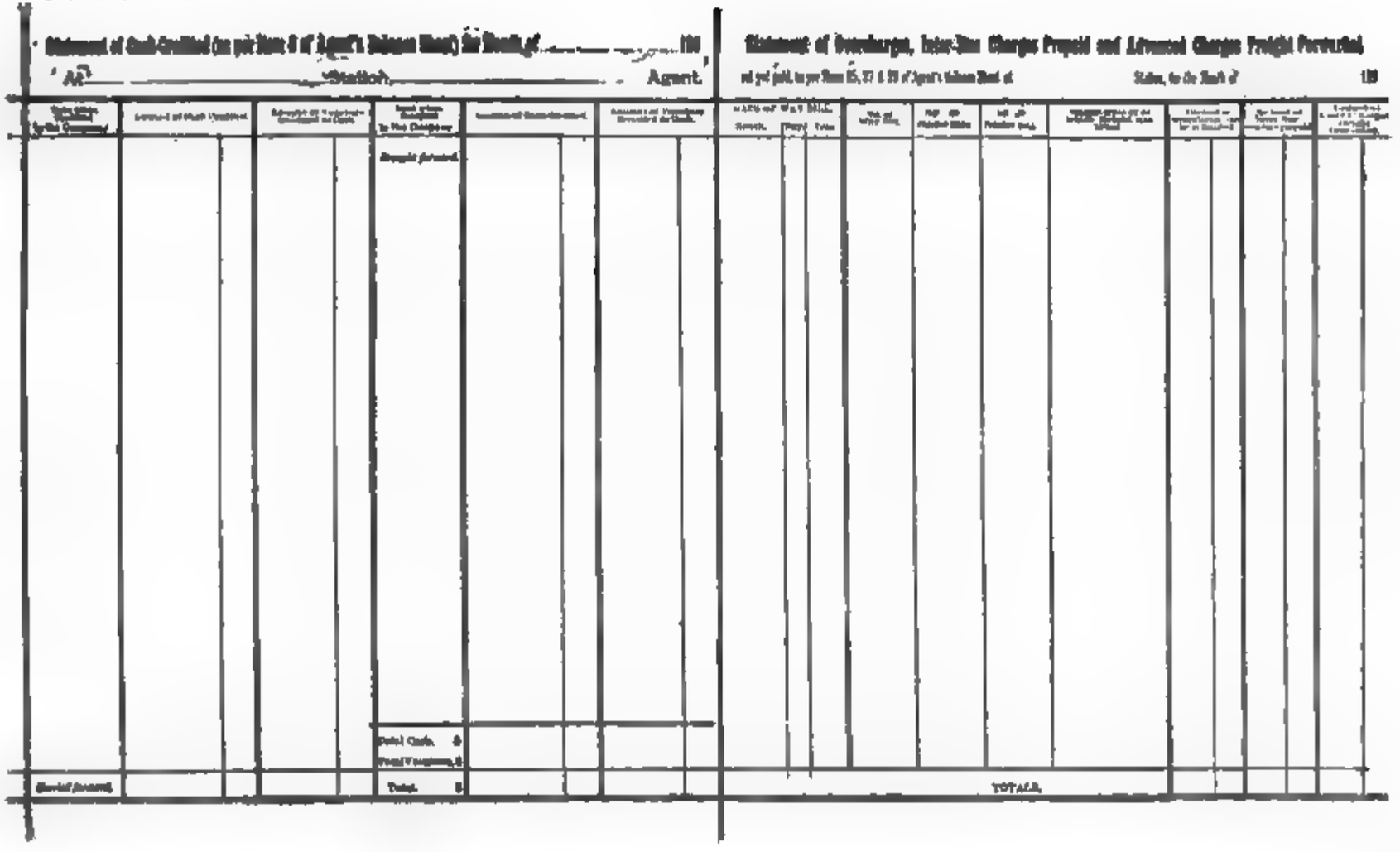
189 _____*Agent.*

FORM No. 3.

List of Uncollected Bills at _____ Station, _____ R___ for Month of _____ 189__ _____ Agent. No. _____

When Way Bill Was Received			Date of Way Bill			Pro. of Way Bill	No. of Freight Bills	Freight Bill	Car Letter	Car Number	Station from which Freight was billed	Freight Charges	Miscellaneous Charges	Charges advanced by Billing Agt.	Total Charges Payable at [illegible]	From Whom Due	Non Rotation of Cases on Hand	Are Goods with Account of Bill	Why not Collected
Month	Day	Year	Month	Day	Year														
											Forward								

Form No. 4.



FORM NO. 5.

WAY BILLS REPORTED RECEIVED BY THE AGENT SINCE LAST ACCCUNT CURRENT.

Statement of Freight Received and Forwarded up to time of _____ *made by* _____

Traveling Auditor, at _____ *Station,* _____, *189*__, _____ *M.*

FROM.	Date of Way-Bill.	No. of Way-Bill.	Local Freight Charges Unpaid.	Local Freight Charges Prepaid.	Miscellaneous Charges Unpaid.	Miscellaneous Charges Prepaid.	Advanced Charges.	Inter-Line Charges Prepaid.

[NOTE.—Whenever the traveling auditor makes an examination at a station he forwards to the proper officer a list of all way-bills that the agent acknowledges to have been received by him, or billed with prepaid interline, or advance charges on, up to the time of making the examination of the accounts. This statement the officer compares with the way-bills forwarded to or received from that station prior to the time of the examination. In the event any way-bills dated prior to the time and hour of the examination are not included in the traveling auditor's statement, a list of such way-bills is forwarded to the officer in charge of car accounts for the purpose of having the latter examine the records of the arrival of cars at the station to see if the cars called for by the way-bills reached the station before or after the time of the examination. If they reached there before the examination was made, then the way-bills must have been suppressed, or at least the reason for the omission should be investigated by the traveling auditor. It is the duty of the officer making the investigation to notify him of all omissions of this kind. If, on the other hand, it is found by the officer in charge of car accounts that the cars and way-bills reached the station after the examination was made (even if dated before), then the omission is accounted for and does not require investigation.]

FORM NO. 6.

STATEMENT OF WAY-BILLS NOT INCLUDED IN TRAVELING AUDITOR'S EXAMINATION OR TRANSFER ABSTRACTS.

CONFIDENTIAL. OFFICE OF THE FREIGHT AUDITOR.

_____ 189

_____ *TRAVELING AUDITOR.*

Below please find a statement of way-bills dated prior to your examination of the accounts of _____ *Agent at* _____ *station,* _____ *189*___, *not shown on abstracts furnished by you.*

*RECEIVED.** _____ Officer in charge of freight account.

Station from (or to) which way-billed.	Way-bill number.	Date of way-bill.	Car initials.	Car number.	No. train in which car arrived at destination (or departed from station).	Date of arrival of car at destination (or departure of car from station).	Hour of arrival of car at destination (or departure of car from stat'n.)	Local freight charges unpaid.	Local freight charges prepaid.	Miscellaneous ch'g's. (Specify for what purpose).		Advanced charges.	Inter-line charges prepaid.
										Unpaid	Pre-paid.		

*Or "Forwarded," as the case may be.

[NOTE—To detect suppression of way-bills by agents, an abstract should be sent to the freight auditor of all way-bills that the agent acknowledges to have received or billed forward with prepaid, interline, or advanced charges, up to the time of the examination. The freight auditor will compare such abstract with the way-bills reported by other agents as having been forwarded to or received from the station under investigation prior to the date of the examination. In order to make the examination full and complete, the freight auditor should furnish the car accountant a list of any way-bills dated prior to the time of the examination not included in the abstract of way-bills charged to the agent at that time. This report the car accountant should examine, with a view of ascertaining whether the bills thus omitted arrived before or after the time of the examination. For the purpose of making and perfecting this investigation, this blank, providing for the information required, should be forwarded by the freight auditor to the car accountant, to be sent by the latter to the traveling auditor, or his superior, after he has completed his investigations and inserted the date and hour of the arrival of the freight called for by the way-bills at the place of destination. This will facilitate the discovery of any effort that may have been made upon the part of the agent to suppress way-bills at the date of the examination of his accounts.]

FORM No. 7.

STATEMENT OF TRANSFER OF ACCOUNTS MADE AT.....

From .....*Retiring Agent, to*.....

DEBITS. *on account of*.....

			Transferred		
(1)	To Balance of . ...189.. Account, to Retiring Agent's Debit, - - - -				
(3)	" Differences in the month of. .. ...189.. Accounts, to Retiring Agent's Debit, -				
(5)	" Amount of Local Unpaid Charges, Freight Received, - - - -				
(7)	" Amount of Advanced Charges, Freight Received, - - - - -				
(9)	" Amount of Miscellaneous Unpaid Charges, Freight Received, - -				
(11)	" Amount of Miscellaneous Prepaid Charges, Freight Forwarded, - -				
(13)	" Amount of Inter-line Charges Prepaid, Freight Forwarded, - - -				
(15)	" Amount of Local Prepaid Charges (including milk tickets , Fre't Forwarded,				
(17)	" Amount of Car Service, Switching, Storage, etc , not shown on Way-Bills, -				
(19)	" Amount of Local Passenger Ticket Sales, - - - - - -				
(21)	" Amount of Coupon Passenger Ticket Sales, - - - - - - -				
(23)	" Amount of Extra Baggage, Conductor's Pledge Tickets, etc., - -				
(25)	" Amount of Telegrams, - - -				
(27)	" Amount of Drafts Drawn on Treasurer, as per Statement, - - -				
(29)	" Amount received for use of stock, horse, poultry and other special cars, - -				
(31)	" Amount of Advance Charges, Freight Forwarded, not yet paid, - - -				
33)	" Amount of Inter-line Charges Prepaid, Freight Received, Unrefunded, - - -				
(35)	" Amount of Overcharges Unrefunded, -				
(37)	" Amount of Overcharges reported to Freight Auditor, - - - - - -				
	TOTAL DEBITS TRANSFERRED, - - -				
	TOTAL CREDITS TRANSFERRED, - - -				
	DEBIT BALANCE TRANSFERRED, - -				
Debit / *Credit	Retiring Agent, / Incoming Agent,	$.....			
* On account of.....189.. / On account of. .. ..189..		$..... / $.....			

We hereby certify that the foregoing Account is correct.

Address Ex-Agent at

_____

_____

FORM NO. 7—Continued.

.....STATION,..... 189—

.....*Incoming Agent, by* .....*Traveling Auditor.*

.....*R.*.....*Co* CREDITS.

			Transferred
(2)	By Balance of .....189.. Account, to Retiring Agent's Credit,		
(4)	" Difference in the month of..... .189 Accounts to Retiring Agent's Credit,		
(6)	" Amount of Remittances made by Retiring Agent as per Statement annexed,		
(8)	" Amount of Advanced Charges, Freight Forwarded,		
(10)	" Amount of Inter-line Charges Prepaid, Freight Received,		
(12)	" Uncollected Bills on Hand as per Statement annexed,		
(14)	" Working Fund turned over to.. Incoming Agent,		
(16)			
(18)			
(20)			
(22)			
(24)			
	TOTAL CREDITS TRANSFERRED,		
	Items left in Ex Agent's Account for Adjustment,		

Names should be signed in full. .....*Retiring Agent.*

.....*Incoming Agent.*

FORM No. 8.

LIST OF UNCOLLECTED BILLS TRANSFERRED TO....., Incoming Agent.

When Way-Bill was Received	Date of Way-Bill.	No. of Way-Bill.	Car Initial.	Car Number.	Station from which Freight was Billed.	Local Freight Charges.	Miscellaneous Charges.	Charges Advanced by Billing Agt.	Total Charges Payable at this Station.	From Whom Due.	Description of Goods On Hand.

Received all the Freight called for in the above Statement,

.....*Incoming Agent.*

(NOTE.—The receipt for the Tickets Transferred should be filed with the proper accounting officer.)

FORM 9.

Statement of Uncollectible Charges at_____Station_____

Date of Way-Bill			No. of Way-Bill	Book No.	Receipt No.	Station from which Freight was Billed	Consignee	Amount as Charged
Month	Day	Year						
						Forward,		

FORM No. 9—Continued.

R_____for Month of_____189__, _____Agent, No._____

Amount Collected	Amount of Claim	To whom Application has been made for Relief.	Date of Application for Relief			Agents' Claim No.	Officials' Claim No.	This Column must not be used by Agents
			Month	Day	Year			

FORM No. 10.

BOND TO BE EXACTED FOR THE PAYMENT OF FREIGHT CHARGES WHEN AGENT IS IN DOUBT AS TO THE ABILITY OR DISPOSITION OF THE DEBTOR TO PAY.

This form is to be used in those cases when it is necessary to allow freight to pass out of the hands of a company without the payment of charges. It is not intended for use where bills are collected weekly or monthly to meet the practices of competing lines, but may be used at such places when necessary.

Know all men by these presents:

That we.....
.....of.....
.....of.....
and.....of.....
in the State of.....are held and firmly bound unto the..... Railway Company in the penal sum of.....Dollars, to the payment of which well and truly to be made we jointly and severally bind ourselves, our heirs, executors and administrators by these presents.

Witness our hands and seals this.....day of..... 189...

The condition of this obligation is such that whereas the above bounden.....
.....
is engaged in business with the said Railway Company shipping or receiving freights or both,

Now, therefore, if the above bounden.....
.....
shall pay all rates and charges now due or that may become due to said Railway Company upon demand, then this obligation to be void, otherwise to remain in full force and effect.

Principal will sign here.....[SEAL.]

Sureties will sign here { .....[SEAL.]
.....[SEAL.]

FORM NO. 11.

BOND OF DRAYMAN FOR THE PAYMENT OF CHARGES AND THE FAITHFUL DELIVERY OF PROPERTY.

Know all men by these presents:

That we.....as principal and.....of..... and.....of..... as sureties, are held and firmly bound unto the..... Railway Company, in the sum of..... Dollars, lawful money of the United States of America, to be paid to the said.....Railway Company, its attorney, successors or assigns; for which payment, well and truly to be made, we bind ourselves, our and each of our heirs, executors and administrators, jointly and severally by these presents.

SEALED with our seals. Dated this.....day of..... A. D. 189.....

WHEREAS, the above bounden..... is a drayman carrying on business at.....and, in the course of his business, collects freight and goods from the depot of the said company at.....for the purpose of delivering same to consignees or others,

Now, therefore, the condition of this obligation is such, that if the above bounden..... shall at all times hereafter promptly pay on demand to the.....Railway Company or to its duly authorized station agent for the time being at.....all freight and other charges due said company by consignees and others in respect of freight or goods carried by said ..... Railway Company and delivered from said company's station to consignees or others by said..... his employes, agents, or any person or persons acting under his direction or instruction. And if the said..... his employes, agents, and all persons acting under his direction or instruction shall duly and faithfully deliver to consignees and others all freight and goods coming into his hands for that purpose, then this obligation to be void; otherwise in full force and effect.

And the above bounden.....and..... expressly agree that if, in any action at law or in equity brought upon this bond, or if in any legal proceedings whatever, it should become necessary to show the amount of money or other property of said company, or in which it should have any interest, at any time in the possession or control of the said.....or in any manner chargeable to him, the books, papers and records of said company, including the printed or written instructions and circulars of any of the officers thereof, to its agents, shall be admitted as competent evidence of whatever may therein be contained, without any other evidence of their authenticity than proof by some agent, officer, or stockholder of the company that they are in fact the books, papers, records, instructions or circulars thereof, or of its officers, and the evidence of no agent, officer or stockholder of the company shall be excluded because of any pecuniary interest he may have in such action or proceeding.

Principal will sign name in full here..... ..... [SEAL.]

Sureties will sign here... ..... [SEAL.]

..... [SEAL.]

FORM NO. 12.

CERTIFICATE OF BONDSMAN.

The following form of certificate must be sworn to by every surety to a bond. It may be taken on the back of the bond. Each surety must be worth not less than $1,000 in realty over and above debts, incumbrances and exemptions:

STATE OF.....
County of..... } ss.

..... of .....
being duly sworn, doth depose and say, that he is a resident and freeholder in the County of ..... in the State of ....., and that he is worth the sum of ..... Dollars, over and above all his debts and liabilities, and exclusive of property exempt by law from execution.

Subscribed and sworn to before me this .... day of ..... A. D. 189.. } ss.
.....
(Principal will sign his name in full above.)

....., Notary Public.

STATE OF.....
County of..... } ss.

..... of .....
being duly sworn, doth depose and say, that he is a resident and freeholder in the County of ..... in the State of ....., and that he is worth the sum of .... Dollars, over and above all his debts and liabilities, and exclusive of property exempt by law from execution.

Subscribed and sworn to before me this .... day of ..... A. D. 189.. } ss.
.....
(First bondsman will sign his name in full above.)

...., Notary Public.

STATE OF.....
County of..... } ss

..... of .....
being duly sworn, doth depose and say, that he is a resident and freeholder in the County of ..... in the State of ....., and that he is worth the sum of ..... Dollars, over and above all his debts and liabilities, and exclusive of property exempt by law from execution.

Subscribed and sworn to before me this ..... day of ..... A. D. 189.. } ss.
.....
(Second bondsman will sign his name in full above.

....., Notary Public.

FORM No. 13.

ORDER TO DELIVER FREIGHT TO DRAYMAN, ETC.

_____RAILWAY CO.

.....Station.....189..

We, the undersigned, do hereby authorize.....Agent .....RAILWAY Co., to deliver to..... .....Drayman, any and all freight that may arrive at..... ...Station consigned to us; and do further authorize..... ....to receipt for same for us, in his name.

DATE.	NAME OF CONSIGNEE.	DATE.	NAME OF CONSIGNEE.

FORM No. 14.

BONDS GUARANTEEING DRAFTS OF COUNTRY BANKS.

In those cases where a railroad company, in order to accommodate local banks along its line, exchanges the current receipts of stations for drafts of such banks, which drafts the agents remit in lieu of currency, drafts of this kind should only be accepted upon a reputable bank. This latter should guarantee the payment of the drafts on presentation, in form as follows:

"To the .... Railroad Company:

For value received, we hereby agree to pay on demand all drafts drawn on us by the .... Bank of ....., received and remitted by your agent at ....

The .... Bank of .....

By ...."

In some cases it is not convenient for the bank drawing the drafts to secure a guaranty of the bank upon which it draws. In such cases if the railroad company desires, a bond, signed by three or more reputable citizens, may be substituted for the above form. This bond should be as follows:

"WHEREAS, The ..... Bank of ..... in the State of ..... desires the BLANK RAILWAY COMPANY to use so much as it may from time to time see fit of the money which it may have on hand in said place for the procurement of the said bank from time to time of checks or drafts drawn by said bank in favor of said Railway Company upon some bank at .. .., instead of forwarding such money directly to ....., where said Railway Company's principal offices are located; and, whereas, this agreement is executed to protect said Blank Railway Company against risk of loss through taking such checks or drafts; Now, THEREFORE, We ....., and ..... of ...., in the state of ...., do hereby agree with said Blank Railway Company and its successors, in consideration of said Blank Railway Company's from time to time as it may see fit procuring checks or drafts, as aforesaid, drawn in its favor upon some bank at .... as follows: 1. We and the survivors or survivor of us do hereby guarantee the payment, upon presentation, of any and all such checks or drafts by the .... bank upon which they may be drawn, and will ourselves, or the survivors or survivor of us, pay any such check or draft to said Blank Railway Company, or its successors, forthwith, upon failure of the .... bank upon which it may be drawn to pay it upon presentation. 2. Neither any notice of presentation or nonpayment of any such check or draft nor any other notice whatever shall be necessary to establish the liability of ourselves or of our survivors or survivor under the preceding paragraph; and no action or proceeding against the drawer or drawee of such check or draft, or against any other person or corporation, shall be required as a condition of action against us, or our survivors or survivor, under the preceding paragraph, by reason of the failure of the drawee of such check or draft to pay it, upon presentation. 3. After one

or more checks or drafts have been procured and taken by said Blank Railway Company, as contemplated by this instrument, the offers and agreements thereof shall not be terminable by us, or by our survivors or survivor, otherwise than by written notice of the termination of the contract given both to the principal accounting officer of said Railway Company at its general offices in ....., and to the station agent of said Railway Company at the place where it is desired that such checks or drafts shall be procured, as aforesaid; and this instrument and the agreement thereof shall apply to and embrace any and all checks or drafts drawn, as aforesaid, and received by said Blank Railway Company at any time before the giving of written notice of termination of this contract, as in this paragraph required.

IN WITNESS WHEREOF, we have hereunto subscribed our names on this .. ..day of....., in the year A. D. 189...

...."

[N. B. The foregoing contract must be signed by at least three men of good character and owners of realty. The execution of the document and signatures must be acknowledged by them before a notary public The notary public must prefix his seal beside his signature to the certificate of acknowledgment.] If the bond is given by private parties, the usual affidavits and conditions attaching to such bonds should be observed. Bonds of public indemnity companies are generally preferable to private bonds in this as in other cases.

When agents exchange their daily receipts for drafts on local banks, they should be instructed as follows:

"The..... .....Bank of... .. ..has agreed to guarantee the payment of drafts drawn upon it by the. .....Bank of..... ..... and remitted by you on account of this company. You may, therefore, turn over to it your daily receipts, accepting in lieu thereof the drafts of the .. ..Bank of....., on the.....Bank of ...., which drafts you will please send forward without delay.

[NOTE.—When the drafts are guaranteed by individuals instead of the paying bank, the names of such individuals should be substituted for the name of the bank.]

"If the exchange of your currency for drafts occasions you inconvenience or involves any risk, the exchange must be made at your office, for we have no interest in the matter further than to oblige the bank. The delivery of the drafts to you must be coincident with the delivery of the currency.

'In the event you should have occasion to doubt the solvency of the bank making the draft or the corporation or persons guaranteeing the payment of its drafts (and it is your duty to keep yourself advised, as far as possible, in regard to this matter), you will at once discontinue the practice of accepting drafts in lieu of currency and notify the treasurer of the fact and the reason of your action."

FORM No. 16.

STATION CASH BOOK.—CASH RECEIVED.

Station, 189

Date of Way-Bill.	Folio of Freight Received Book.	No. of Way-Bill.	FROM	NAME.	WAY-BILLS.		MISCELLANEOUS. (not including entries on Way-Bills.	Ticket Sales.	TOTAL.
					Total Chgs. Coll'd. on Freight Recd at this Station, as per Way-Bills.	Total Chgs. Coll'd. on Inter. Forwarded from this Station, as per Way-Bills.			

STATION CASH BOOK.—CASH DISBURSED AND REMITTED.

Station, 189

DATE.	NAME.	WAY-BILLS.		MISCELLANEOUS.	Cash Remitted.	Amount Vouchers Remitted as Cash.	TOTAL.
		Advanced Chgs. paid on Freight Forwarded.	Inter. line Charges paid on Freight Received				

Form No 16

GENERAL FORM OF REMITTANCE NOTICE TO BE USED BY AGENTS WHEN REMITTING TO BANKS.

☞ Agents must insert their address in full on the outside of this blank before sending it forward.

THIS MARGIN TO BE LEFT BLANK.

DESCRIPTION OF REMITTANCE

How Many Bnk Bills	Denomination of Bank Bills, Etc	Amounts
	$1.00 Bills,	$
	$2.00 "	
	$5.00 "	
	$10.00 "	
	$20.00 "	
	$50.00 "	
	$100.00 "	
	Gold,	
	Silver,	
	Nick'ls & Penn's	
	Checks,	
	Total Amount,	$

Station No ..... BANK CASH SLIP.

..... Station,..... 189

To the ..... Bank, CHICAGO Herewith find

..... DOLLARS,

to be credited to the ..... RAILWAY COMPANY, on my account as Agent, the said amount being the total net cash receipts of this station not previously remitted except the authorized Working Fund, for and on account of the Railway Company named above

..... Agent.

[NOTE.—The utmost care must be exercised to see that every species of information required in this and the accompanying blank is carefully inserted.

This slip must be signed by the agent personally and must be enclosed with the remittance. Upon its receipt by the bank it should be accepted without change if found to be in accordance with the facts. If incorrect, it should be carefully altered in ink by the teller making such alterations, vouching for its accuracy over his signature. As soon as the contents of the package have been ascertained and a record made thereof, the bank will forward this slip to the Treasurer. After it is entered by the latter, he will stamp upon its face the date it is credited to the agent, when he will return it to the latter, who should carefully preserve it.]

☞ AGENTS MUST NOT FOLD THIS BLANK.

Form No. 17

SPECIAL REMITTANCE NOTICE.*

[Note.—This notice is intended to be used when agents remit vouchers, time tickets, gas bills, freight bills and similar accounts paid by them: also remittances covering special collections for rents, fuel, hides, pelts and carcasses of animals killed, sales of damaged, over and unclaimed freight and baggage, lands, town lots and special charges for kindred purposes.]

DESCRIPTION OF REMITTANCE.

Describe below each Time Ticket, Voucher, Check, Draft, or Bill of which the remittance is made up, grouping each kind together. If it is composed of Currency or Coin, describe same as required on regular remittance slip.

TOTAL,	$	

Station No. _____ _____ Station, _____ 189__.

TO THE TREASURER:

Herewith find Special Remittance to be credited as directed below, for

_____ DOLLARS ($_____ 100),

For _____

If this remittance is NOT to be credited to the person who signs below, the name of the person to whom it is to be credited will be entered here. ☞ } Credit to _____

(Signature of person making remittance,) ☞ _____

(Title of person making remittance,) ☞ _____

[Note.—When the person who makes the remittance, and the person to whom it is to be credited, are not one and the same, the former must notify the latter forthwith by letter.

When a remittance is to be credited partly to a sender and partly to some one else, a separate slip must be made for each amount.

Each voucher, time ticket, bill, etc., remitted, must be stamped on the back with station stamp, by the person paying and remitting the same, and all drafts, checks, etc., must be properly endorsed or must be made payable to the Treasurer, otherwise credit for remittance cannot be allowed.]

*This form is a part of Kirkman's "Labor-saving or Multiplex System of Accounts," which is fully explained in the volume "Freight Business."

FORM No. 18.

DUPLICATE OF SPECIAL REMITTANCE NOTICE TO BE USED BY AGENTS AND OTHERS WHEN REMITTING TO TREASURER.

This form to be stamped and returned to the person making the remittance as a receipt.

DESCRIPTION OF REMITTANCE.

Describe below each time ticket voucher, check draft or bill of which the remittance is made up grouping each kind together. If it is composed of currency or coin describe same as required on regular remittance notice.

.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
TOTAL, - - $		

Station No..... ....Station,.....189..

STATEMENT of REMITTANCE made this day to the Treasurer by the person whose name is attached hereto. [NOTE.—This statement is to accompany the remittance.]

.....Dollars ($..... 100 / 100)

For.....

If the remittance is NOT to be credited to the person who signs below, the name of the person to whom it SHOULD be credited will be entered here. ☞ Credit to.....

(Signature of person making remittance.) ☞ .....

(Title of person making remittance.) ☞ .....

[NOTE.—Upon the remittance coming to hand, the date it is credited will be noted hereon, after which this sheet will be detached and returned to the person making it, to be preserved by him as a receipt.]

FORM No. 19.

GENERAL FORM OF DRAFT THAT MAY BE USED IN PAYING FREIGHT CHARGES

On the line of the road, in cases where those immediately in charge are not entrusted with funds for paying freight charges. In such cases, the local manager should draw on his principal (wherever he may be located), using the accompanying form. No harm can accrue to the proprietor from granting this permission, as the form cannot be used improperly.

.....189....

AT SIGHT, Pay to the order of the.....NATIONAL BANK OF.....

on account of the.....RAILWAY COMPANY,

.....Dollars, ($.....)

for freight and other charges due to said Company at

.....Station,

By ....

To.....

.....

.....

.....

FORM No. 20.

GENERAL FORM OF REMITTANCE NOTICE TO BE USED BY CONDUCTORS.

☞ Conductors must insert their Address in full on the outside of this Blank before sending it forward.

DESCRIPTION OF REMITTANCE.

How Many Bank Bills.	Denomination of Bank Bills, Etc.	Amounts.
	$1.00 Bills,	$
	$2.00 "	
	$5.00 "	
	$10.00 "	
	$20.00 "	
	$50.00 "	
	$100.00 "	
	Gold,	
	Silver,	
	Nickels & Pennies	
	Checks,	
	Total Amount,	$

_____ Station, _____ 189__

THE _____ BANK, _____

I HAND YOU HEREWITH

_____ Dollars,

TO BE CREDITED TO THE _____

RAILWAY CO., ON MY ACCOUNT AS CONDUCTOR, THE SAID AMOUNT BEING THE TOTAL CASH COLLECTIONS FOR THE TRIP ENDING THIS DATE.

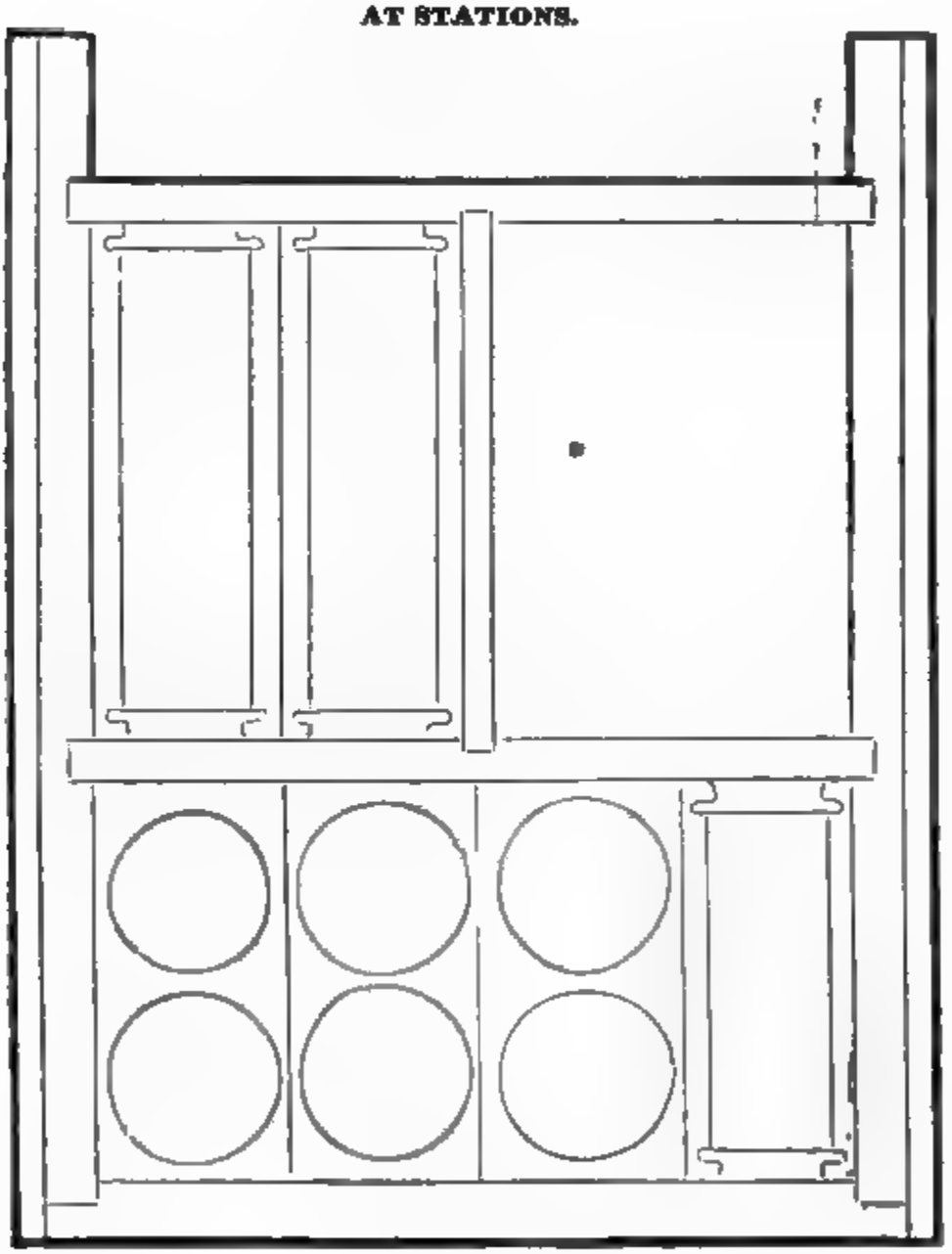
_____ Conductor.

_____ Division.

☞ CONDUCTORS MUST NOT FOLD THIS SLIP.

Form No. 21.

DRAWING SHOWING THE INSIDE ARRANGEMENT OF CASH DRAWERS FURNISHED FOR USE AT STATIONS.



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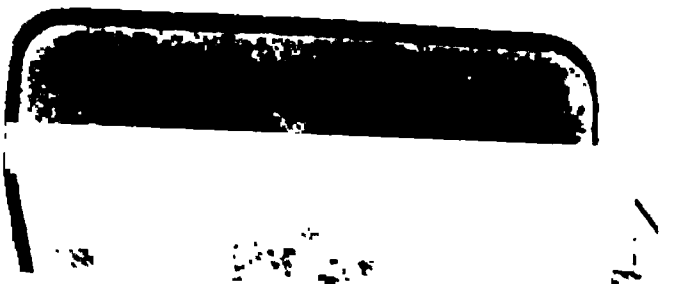
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